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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2015**

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

CORPORATE PROFILE

Amerigo Resources Ltd. (“Amerigo” or the “Company”) owns a 100% interest in Minera Valle Central S.A. (“MVC”), a Chilean company that is principally engaged in the production of copper¹ concentrates.

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 18.

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 August 10, 2015, and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2015 and the Company’s audited consolidated financial statements and related notes for the year ended 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 Q2-2015 and Q2-2014 is presented on pages 10 and 11.

Effective January 1, 2015 and pursuant to the second modification to the Master Agreement with DET (page 19), MVC’s revenue from the delivery of copper concentrates to DET is recognized as a tolling fee and reported as a component of revenue, net of royalties to DET and transportation costs. In prior years the nature of the agreements with DET resulted in royalties to DET 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 includes production 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
Smelter, refinery and other charges	(3,672)	(3,672)	(3,380)	(3,380)
El Teniente 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)
El Teniente 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				
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	29,617	29,617	32,142	32,142
Smelter, refinery and other charges	(3,616)	(3,616)	(3,881)	(3,881)
El Teniente 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)
El Teniente 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
YTD June 30, 2014				
	As reported	Pro-forma	As reported	Pro-forma
Revenue				
Copper net revenue	60,837	60,837	122,594	122,594
Smelter, refinery and other charges	(7,052)	(7,052)	(14,548)	(14,548)
El Teniente royalties	-	(12,671)	-	(25,345)
Transportation	-	(702)	-	(1,413)
	53,785	40,412	108,046	81,288
Molybdenum and other tolling revenue	5,910	5,910	11,576	11,576
	59,695	46,322	119,622	92,864
Tolling and production costs				
Production costs	(34,566)	(34,566)	(70,295)	(70,295)
El Teniente royalties	(12,671)	-	(25,345)	-
Depreciation and amortization	(7,406)	(7,406)	(11,065)	(11,065)
Transportation costs	(702)	-	(1,413)	-
Administration	(2,488)	(2,488)	(4,929)	(4,929)
	(57,833)	(44,460)	(113,047)	(86,289)
Gross profit	1,862	1,862	6,575	6,575

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Overview

	Q2-2015	Q2-2014	Change \$	%
Copper produced ¹ , million pounds	9.1	9.3	(0.24)	(3%)
Molybdenum produced, million pounds	-	0.15	(0.15)	(100%)
Percentage of production from old tailings	28%	38%		(10%)
Revenue (\$ thousands) ^{2,6}	16,388	20,728	(4,340)	(21%)
El Teniente royalties (\$ thousands) ³	4,652	6,250	(1,598)	(26%)
Tolling and production costs (\$ thousands) ⁶	18,136	19,530	(1,394)	(7%)
Gross (loss) profit (\$ thousands)	(1,748)	1,198	(2,946)	(246%)
Net loss (\$ thousands)	(2,036)	(8,290)	6,254	(75%)
Operating cash flow (\$ thousands) ⁴	(619)	1,473	(2,092)	(142%)
Cash flow paid for plant expansion (\$ thousands)	(17,186)	(2,723)	(14,463)	531%
Cash and cash equivalents (\$ thousands)	12,691	7,265	5,426	75%
Borrowings (\$ thousands)	43,304	-	43,304	-
Gross copper tolling fee/selling price (\$/lb)	2.65	3.16	(0.51)	(16%)
Cash cost per pound ⁵	2.15	2.22	(0.07)	(3%)
Total cost per pound ⁵	2.86	3.23	(0.37)	(11%)

¹ Copper production includes production under a tolling agreement with DET.

² Revenue is reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs.

³ El Teniente royalties are deducted from revenue.

⁴ Operating cash flow before changes in non-cash working capital.

⁵ Cash and total costs are non-GAAP measures. Refer to pages 10 and 11 for a reconciliation of these measures to tolling and production costs.

⁶ Q2-2014 amounts are reported on a pro-forma basis (page 4).

Financial results

- Revenue was \$16.4 million compared to \$20.7 million in Q2-2014 (pro-forma, page 4), a 21% decrease due to lower copper tolling fees, resulting mostly from lower copper prices. There were no molybdenum sales in Q2-2015.
- Tolling and production costs were \$18.1 million, a decrease of 7% from \$19.5 million in Q2-2014 (pro-forma, page 4), driven by lower production and cost reduction initiatives at MVC.
- Gross loss was \$1.7 million (Q2-2014: gross profit of \$1.2 million) and net loss was \$2.0 million (Q2-2014: \$8.3 million). Q2-2014 results include a \$5.7 million net loss from change in estimates as a result of MVC and DET entering into the Master Agreement.
- In Q2-2015 the Group had operating cash outflow before changes in non-cash working capital of \$0.6 million, compared to operating cash inflow of \$1.5 million in Q2-2014.

Production

- Q2-2015 copper production was 9.1 million pounds, 3% lower than 9.3 million pounds in Q2-2014.
- There was no molybdenum production in Q2-2015 (Q2-2014: 0.2 million pounds).
- Production in Q2-2015 was higher than in Q1-2015 but fresh tailings tonnage remained low and Colihues production was adversely affected by poor quality material. Production from Colihues was suspended on July 20, 2015 due to ongoing low copper prices. As a result, MVC's annual guidance has been revised downwards, as indicated in **Outlook** below.

Revenue

- Revenue (reported net of smelting, refining and roasting charges, El Teniente royalties and transportation costs) decreased to \$16.4 million from \$20.7 million in the pro-forma Q2-2014 (page 4), due to lower copper prices and no molybdenum sales. The Group's gross copper tolling fee was \$2.65/lb (Q2-2014: \$2.22/lb).
- Total El Teniente royalties (deducted from tolling fees) were \$4.7 million in Q2-2015, compared to \$6.3 million in Q2-2014, due to lower production and lower copper prices.

Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, tolling/production costs net of inventory adjustments, administration and transportation costs, net of by-product credits, page 10) before El Teniente royalties decreased to \$2.15/lb (Q2-2014: \$2.22/lb), mostly as a result of lower direct production costs due to cost reduction initiatives at MVC.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalties and depreciation, page 11) decreased to \$2.86/lb (Q2-2014: \$3.23/lb), due to lower cash cost, lower depreciation costs and lower El Teniente royalties.
- Power costs in Q2-2015 were \$5.5 million (\$0.0908/kwh) compared to \$5.4 million (\$0.0896/kwh) in Q2-2014.

Cash and Financing Activities

- MVC has received cash net of transaction costs of \$42.9 million YTD-2015, including drawdowns of \$40.3 million from the \$64.4 million bank syndicate financing for construction of phase 1 of MVC's Cauquenes expansion (page 16).
- The Group's cash balance was \$12.7 million at June 30, 2015 compared to \$18.3 million at December 31, 2014.

Capital Expenditures

- Cash payments for capital expenditures ("Capex") were \$17.2 million compared to \$2.7 million in Q2-2014. Capex payments in Q2-2015 were funded from bank loan proceeds. YTD cash payments for Capex were \$25.9 million, compared to \$6.1 million in 2014.
- Capex incurred in Q2-2015 totaled \$14.8 million (Q2-2014: \$2.0 million) and included Cauquenes Capex of \$14.3 million (Q2-2014: \$0.8 million) and sustaining Capex projects of \$0.5 million (Q2-2014: \$1.2 million). YTD-2015 incurred Capex totaled \$25.7 million (YTD-2014: \$4.8 million).

Outlook

- MVC has revised its 2015 production guidance to a range of 43.0 to 48.0 million pounds of copper (down from a range of 50.0 to 55.0 million pounds). Copper production is expected to ramp up from 9.1 million pounds in Q2 to approximately 19.0 million pounds in Q4 once Cauquenes is operational. Cash cost is projected to decrease from Q2's \$2.15/lb to approximately \$1.75/lb in Q4.
- The Cauquenes project is scheduled to be completed on time and on budget and to be fully funded from MVC's existing debt facilities, the expansion support agreement with DET and the standby line of credit provided by three Amerigo shareholders even if current low copper prices persist. Refer to **Cautionary Statement on Forward Looking Information**, page 24.

SUMMARY OF FINANCIAL RESULTS Q2-2014 TO Q2-2015

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Copper production, million pounds	9.118	8.866	11.352	10.156	9.344
Copper deliveries, million pounds	9.395	8.829	11.216	10.321	9.322
Molybdenum production - pounds	-	97,883	160,107	143,008	152,340
Molybdenum sales - pounds	-	108,973	159,204	148,255	153,970
<i>Financial results (\$ thousands)</i>					
Revenue	16,388	17,656	24,320	22,222	20,728
Tolling and production costs					
Tolling/production costs	(15,376)	(16,226)	(18,259)	(17,471)	(15,565)
Depreciation and amortization	(1,678)	(1,681)	(1,844)	(1,814)	(2,668)
Administration	(1,082)	(1,063)	(1,358)	(1,083)	(1,297)
	(18,136)	(18,970)	(21,461)	(20,368)	(19,530)
Gross (loss) profit	(1,748)	(1,314)	2,859	1,854	1,198
Other gains (expenses)					
Office and general expenses	(134)	(308)	(113)	(316)	(164)
Salaries, management and professional fees	(462)	(567)	(950)	(488)	(451)
Share-based payment compensation	(93)	(53)	(56)	(155)	(387)
Royalty derivative including changes in fair value	1,297	(1,224)	763	974	(318)
	608	(2,152)	(356)	15	(1,320)
Loss from change in estimates	-	-	-	-	(8,066)
Other (expenses) gains					
Foreign exchange (expense) gain	(436)	(489)	(228)	(34)	318
Impairment charges	(44)	(42)	(279)	-	-
Other gains	38	66	100	133	47
	(442)	(465)	(407)	99	365
Operating (loss) profit	(1,582)	(3,931)	2,096	1,968	(7,823)
Finance expense	(275)	(430)	(18)	25	(95)
(Loss) profit before taxes	(1,857)	(4,361)	2,078	1,993	(7,918)
Income tax (expense) recovery	(179)	298	(376)	(5,718)	(372)
(Loss) profit for the period	(2,036)	(4,063)	1,702	(3,725)	(8,290)
(Loss) earnings per share - basic	(0.01)	(0.02)	0.01	(0.02)	(0.05)
(Loss) earnings per share - diluted	(0.01)	(0.02)	0.01	(0.02)	(0.05)
Cash cost (\$/lb) ¹	2.15	2.33	1.99	1.92	2.22
Total cost (\$/lb) ¹	2.86	3.06	2.75	2.75	3.23
<i>Uses and sources of cash (\$thousands)</i>					
Operating cash flow before working capital changes	(619)	1,186	5,414	3,396	1,473
Operating cash flow after working capital changes	(4,359)	(17,117)	13,086	5,097	1,609
Cash used in investing activities	(17,655)	(8,713)	(3,645)	(1,969)	(2,723)
Financing proceeds, net or repayments	20,760	22,113	-	-	-
Cash from exercise of stock options	-	-	-	-	157
Ending cash balance	12,691	14,177	18,308	10,203	7,265

¹ Cash and total costs are non-GAAP measures. Refer to pages 10 and 11 for the basis of reconciliation of these measures to tolling and production costs.

OPERATING RESULTS

In Q2-2015 the Group produced 9.1 million pounds of copper under a tolling agreement with DET, 3% lower than in Q2-2014. Copper deliveries were 9.4 million pounds, 1% higher than in Q2-2014.

Fresh tailings tonnage remained low and fine material from the Colihues tailings deposit affected grade, recovery and tonnage, adversely impacting economic performance. The Company suspended production from Colihues on July 20, 2015 in response to ongoing low copper prices. Operational efforts are focused on the development of the Cauquenes tailings deposit, which is on budget and on target to commence production in Q4-2015.

Results in Q2-2015 include 0.3 million pounds of copper produced and sold pursuant to a tolling contract with Minera Maricunga (Q2-2014: 0.4 million pounds). MVC purchases Maricunga copper concentrate, dries the material and delivers the blended concentrates through its tolling contract with DET. The Maricunga contribution was down in Q2-2015 following damage caused by flooding in Chile's northern Atacama region, where the Maricunga mine is located.

There was no molybdenum production in Q2-2015 as MVC shut down its molybdenum plant in response to weak molybdenum prices and low production levels effective April 1, 2015. Management will continue to monitor market prices to determine the price point at which molybdenum operations can be economically reinstated.

Molybdenum production was 0.15 million pounds in Q2-2014.

Tolling and production costs were 22% lower than in Q2-2014, due to lower production, cost reductions implemented at MVC and the effect of a weaker Chilean peso ("CLP") compared to the U.S. dollar.

During Q2-2015 the Group used cash flow of \$0.6 million in operations, posted a gross loss of \$1.7 million and incurred a net loss of \$2.0 million.

Production

	Q2-2015	Q2-2014
FRESH TAILINGS EL TENIENTE		
Tonnes processed	12,120,700	11,160,416
Copper grade (%)	0.115%	0.107%
Copper recovery	20.4%	20.4%
Copper produced (lbs)	6,248,183	5,358,429
OLD TAILINGS COLIHUES		
Tonnes processed	3,073,039	2,930,367
Copper grade (%)	0.222%	0.227%
Copper recovery	17.2%	24.2%
Copper produced (lbs)	2,592,618	3,546,031
OTHER TOLL PROCESSING		
Copper produced (lbs)	276,018	439,160
COPPER		
Total copper produced (lbs)	9,116,819	9,343,620
Total copper delivered (lbs)	9,394,525	9,322,280
MOLYBDENUM		
Total molybdenum produced (lbs)	-	152,340
Total molybdenum sold (lbs)	-	153,970

Revenue

		Q2-2015		Q2-2014	
Average LME copper price per pound	\$	2.75	\$	3.08	
El Teniente tolling fees (thousands)	\$	24,657	\$	-	
Gross copper sales (thousands)		-		27,474	
Smelting and refining charges (thousands)		(3,850)		(3,380)	
El Teniente royalties (thousands)		(4,652)		(6,250)	
Transportation costs (thousands)		(330)		(347)	
Copper net revenue (thousands)		15,825		17,497	
Molybdenum & other revenue (thousands)		563		3,231	
Total revenue (thousands)	\$	16,388	\$	20,728	
Company's gross copper tolling/sale price per pound ¹	\$	2.65	\$	3.16	
Company's gross molybdenum price per pound ²	\$	-	\$	13.33	

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

² Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior quarters' sales

Revenue in Q2-2015 was \$16.4 million compared to \$20.7 million in Q2-2014 (pro-forma, page 4), including copper net revenue of \$15.8 million (Q2-2014: \$17.5 million) and molybdenum and other revenue of \$0.6 million (Q2-2014: \$3.2 million). Revenue is reported net of smelting, refining and roasting charges, royalties to DET and transportation costs.

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 and is reported as a component of revenue, net of royalties to DET and transportation costs. In prior years, the nature of the agreements with Chile's Empresa Nacional de Minería ("Enami") and DET required royalties to DET and transportation costs to be reported as components of tolling and production costs.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and treatment and refining charges, and in 2015 is 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 all copper produced under the tolling agreement by MVC in each month is determined based on the average copper market price of the third month following production.

Average LME copper prices in Q2-2015 were \$2.75/lb compared to \$3.08/lb in Q2-2014, and the Group's recorded copper tolling/sales price was \$2.65/lb, compared to \$3.16/lb in Q2-2014. 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, royalties to DET are deducted from gross revenue. Q2-2015 royalties of \$4.7 million were 25% less than in Q2-2014, mostly due to lower metal prices, as royalties are calculated on a sliding-scale basis referenced to copper prices.

The terms for royalties to DET have been modified pursuant to the Master Agreement and became effective on August 1, 2015. Refer to **Agreements with Codelco's El Teniente Division**, page 18. Prior to August 1, 2015, copper royalties on fresh tailings were calculated using the LME average price for copper for the month of delivery of the tailings, and settled in CLP using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The effect of using the higher Dolar Acuerdo rates resulted in an increase of \$0.6 million in royalties in Q2-2015.

Also effective 2015, transportation costs are deducted from revenue. These costs were \$0.3 million in Q2-2015 and Q2-2014.

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, El Teniente royalties, depreciation and amortization.

A reconciliation of tolling and production costs to cash cost and total cost in Q2-2015 and Q2-2014 is presented below:

		Q2-2015		Q2-2014	
Tolling and production costs (thousands)	\$	18,136	\$	19,530	
Add (deduct):					
El Teniente royalties (thousands)		4,652		6,250	
Smelting and refining charges (thousands)		3,850		3,380	
Gain from change in estimates		-		2,437	
Transportation costs (thousands)		330		347	
Inventory adjustments (thousands):		(1,108)		7	
By-product credits (thousands)		(563)		(3,231)	
Total cost (thousands)	\$	25,297	\$	28,720	
Deduct:					
El Teniente royalties (thousands)		(4,652)		(6,250)	
Depreciation and amortization (thousands)		(1,678)		(2,668)	
Cash cost (thousands)	\$	18,967	\$	19,802	
Pounds of copper tolled/produced from fresh and old tailings (millions) ¹		8.84		8.90	
Cash cost (\$/lb)		2.15		2.22	
Total cost (\$/lb)		2.86		3.23	

¹ Excludes 0.3 million pounds produced in Q2-2015 from Maricunga toll processing, a by-product (Q2-2014: 0.4 million pounds).

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

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Power costs	0.62	0.64	0.62	0.58	0.61
Grinding media	0.22	0.25	0.22	0.22	0.27
Other direct costs	0.77	1.13	0.88	0.90	1.14
By-product credits	(0.06)	(0.30)	(0.26)	(0.30)	(0.36)
Smelting & refining	0.44	0.44	0.36	0.37	0.38
Administration	0.12	0.13	0.13	0.11	0.14
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	\$2.15	\$2.33	\$1.99	\$1.92	\$2.22

Cash cost (page 10) in Q2-2015 was \$2.15/lb, compared to \$2.22/lb in Q2-2014.

Power is MVC's most significant cost, and was \$0.0908/kWh in Q2-2015 compared to \$0.0896/kWh in Q2-2014. Unit power costs for Q2-2015 were \$0.62/lb, \$0.01/lb higher than in Q2-2014.

MVC operated its power generators during Q2-2015 when the grid price exceeded their operating costs. The economic benefit from operating the generators in Q2-2015 was \$0.5 million (Q2-2014: \$0.4 million).

Unit grinding media costs were \$0.22/lb compared to \$0.27/lb in Q2-2014.

Other direct costs of \$0.77/lb (Q2-2014: \$1.14/lb) include direct labour costs of \$0.25/lb (Q2-2014: \$0.24/lb) and all other combined direct costs of \$0.52/lb (Q2-2014: \$0.90/lb). Other direct unit costs are presented in tabular form on page 12.

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

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014
Cash cost	2.15	2.33	1.99	1.92	2.22
El Teniente royalties	0.52	0.52	0.59	0.65	0.70
Amortization/depreciation	0.19	0.21	0.17	0.18	0.31
Total Cost	\$2.86	\$3.06	\$2.75	\$2.75	\$3.23

Total cost (page 11) was \$2.86/lb, compared to \$3.23/lb in Q2-2014, positively impacted by reductions of \$0.18/lb in El Teniente royalties (from lower copper prices and lower production), \$0.12/lb in amortization and depreciation charges (as a result of prospective estimate changes for the useful life of assets upon execution of the Master Agreement) and \$0.07/lb in cash cost.

FINANCIAL RESULTS Q2-2015

The Group posted a net loss of \$2.0 million (\$0.01 basic and diluted loss per share), compared to a net loss of \$8.3 million in Q2-2014 (\$0.05 basic and diluted loss per share). The net loss in Q2-2014 included a net loss of \$5.7 million associated with estimate changes arising from the effects of entering into the DET Master Agreement.

Gross loss was \$1.7 million, compared to gross profit of \$1.2 million in Q2-2014.

Revenue

Revenue in Q2-2015 was \$16.4 million, compared to \$20.7 million in Q2-2014 (pro-forma, pages 4 and 9).

Tolling and Production Costs

(Expressed in thousands)	Q2-2015		Q2-2014	
Direct tolling and production costs				
Power costs	\$	5,497	\$	5,418
Grinding media		1,968		2,463
Labour costs		2,226		2,161
Other direct tolling/production costs		5,685		7,960
		15,376		18,002
Gain from change in estimates		-		(2,437)
Depreciation and amortization		1,678		2,668
Administration		1,082		1,297
Tolling and production costs	\$	18,136	\$	19,530

Direct tolling and production cost was \$15.4 million compared to \$18.0 million in the pro-forma Q2-2014 (page 4), a decrease of 14% in the context of a 3% decrease in production.

Grinding media costs of \$2.0 million were 20% lower than in Q2-2014, due to a 3% decrease in production, more efficient mill operations and lower steel prices.

Direct labour costs were \$2.2 million in Q2-2015 and in Q2-2014.

Other direct tolling costs decreased by \$2.3 million to \$5.7 million (Q2-2014: \$8.0 million). The most relevant other direct tolling and production costs are summarized in the following tables:

(Expressed in thousands)	Q2-2015		Q2-2014	
Other direct tolling and production costs				
Colihues extraction	\$	845	\$	2,937
Maintenance, excluding labour		1,328		1,286
Molybdenum production costs, excluding labour		-		697
Other tolling cost		538		985
Industrial water		455		336
Copper reagents		350		415
Subcontractors, support services, etc.		534		632
Filtration and all other direct copper production costs		66		134
Lime		209		221
Process control, environmental control, safety		253		317
Inventory adjustments		1,107		-
	\$	5,685	\$	7,960

(\$/lb Cu)	Q2-2015		Q2-2014	
Other direct tolling and production costs				
Colihues extraction		0.10		0.33
Maintenance, excluding labour		0.15		0.15
Molybdenum production costs, excluding labour		-		0.08
Other tolling cost		0.06		0.11
Industrial water		0.05		0.04
Copper reagents		0.04		0.05
Subcontractors, support services, etc.		0.06		0.07
Fuel and all other direct copper production costs		0.01		0.02
Lime		0.02		0.02
Process & environmental control		0.03		0.04
Inventory adjustments		0.12		-
		0.64		0.90

The positive effect of cost reduction initiatives at MVC can be seen in the two preceding tables, particularly the \$2.1 million (\$0.23/lb) reduction in Colihues extraction costs compared to Q2-2014. Effective July 1, 2014, MVC terminated the subcontract for the processing of Colihues tailings and began processing these tailings with its own employees and resources. MVC plans to process Cauquenes tailings in the same manner.

Depreciation and amortization cost decreased to \$1.7 million (Q2-2014: \$2.7 million), as a result of prospective estimate changes for the useful life of assets upon execution of the Master Agreement.

Administration expenses were \$1.1 million compared to \$1.3 million in Q2-2014 as a result of the appreciation of the US dollar against the CLP, the currency in which most administration costs are incurred.

Other (gains) expenses

Other gains of \$0.2 million (Q2-2014: expenses of \$9.0 million) are costs not related to MVC's processing operations, and are comprised of the following:

- General and administration gains of \$0.6 million (Q2-2014: expenses of \$1.3 million) which include salaries, management and professional fees of \$0.5 million in Q2-2015 and Q2-2014, office and general expenses of \$0.1 million (Q2-2014: \$0.2 million), royalty derivative to related parties including changes in fair value of (\$1.3 million) (Q2-2014: \$0.3 million) and share-based payments of \$0.1 million (Q2-2014: \$0.4 million).
- The royalty derivative to related parties includes actual royalty dividends to related parties of \$0.1 million in Q2-2015 and Q2-2014 and changes in fair value of the derivative of (\$1.4 million) (Q2-2014: \$0.2 million). The decrease in the fair value of the derivative in Q2-2015 was the result of higher discount rates driven by higher expected risk adjusted borrowing rates.
- Other expenses of \$0.4 million in Q2-2015 (Q2-2014: gain of \$0.4 million) are comprised mostly of a foreign exchange expense of \$0.4 million (Q2-2014: gain of \$0.3 million). Most of the Group's foreign exchange gains or losses are incurred in MVC. Although MVC's functional currency is the US dollar, it holds monetary assets and/or liabilities denominated in Chilean pesos which results in foreign exchange gains or losses.

Finance expense

The Group recorded a finance expense of \$0.3 million in Q1-2015 (Q2-2014: \$0.1 million) which include finance, commitment and interest charges, a change in value on an interest rate swap and in Q2-2014 an asset retirement obligation ("ARO") accretion cost. The Group ceased to recognize ARO accretion costs in Q2-2014 as this obligation was reduced to a nominal amount under the Master Agreement

Taxes

Income tax expense was \$0.2 million in Q2-2015 (Q2-2014: \$0.4 million), including a current income tax recovery of \$1.0 million (Q2-2014: tax recovery of \$0.5 million) and deferred tax expense of \$1.2 million (Q2-2014: \$0.9 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.

FINANCIAL RESULTS – SIX MONTHS ENDED JUNE 30, 2015

During YTD-2015 the Company posted a loss of \$6.1 million (\$0.04 per share), compared to a loss of \$8.7 million (\$0.05 per share) YTD-2014.

The variance in financial performance between the two six-month periods was positively impacted by a net loss from change in estimates of \$5.7 million booked in YTD-2014 as a result of MVC and DET entering into the Master Agreement. Excluding this item, the Company underperformed in YTD-2015 compared to YTD-2014 due to weaker copper prices and lower production.

Revenue in YTD-2015 was \$34.0 million, 26% lower than YTD-2014 revenue of \$46.3 million (pro-forma, page 4). Tolling and production costs were \$37.1 million, 35% lower than tolling and production costs of \$44.5 million in YTD-2014 (pro-forma, page 4), due to cost reduction initiatives at MVC, lower production, lower depreciation charges and a weaker CLP compared to the US dollar. Cash cost and total cost (both non-GAAP measures) in YTD-2015 were \$2.23/lb and \$2.95/lb respectively, compared to \$2.22/lb and \$3.31/lb in YTD-2014.

Other expenses were \$2.5 million, down from \$9.7 million in YTD-2014, which included a loss from change in estimates of \$8.1 million. Finance expense increased to \$0.7 million from \$0.2 million in connection with commitment fees and other costs associated with the Cauquenes expansion debt facilities.

Income tax recovery was \$0.1 million, compared to tax expense of \$0.6 million in YTD-2014, as a result of a decrease in both current and deferred tax expense.

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). Total revenue for the 2013 periods presented below is shown net of DET royalties and transportation costs, consistent with the 2014 pro-forma presentation.

	QE June 30, 2015 \$	March 31, 2015 \$	QE Dec. 31, 2014 \$	QE Sept. 30, 2014 \$
Total revenue (thousands)	16,388	17,656	24,320	22,222
Net (loss) profit (thousands)	(2,036)	(4,063)	1,702	(3,725)
(Loss) earnings per share	(0.01)	(0.02)	0.01	(0.02)
Diluted (loss) earnings per share	(0.01)	(0.02)	0.01	(0.02)

	QE June 30, 2014 \$	QE March 31, 2014 \$	QE Dec. 31, 2013 \$	QE Sept. 30, 2013 \$
Total revenue (thousands)	20,728	25,594	28,092	24,315
Net (loss) profit (thousands)	(8,290)	(389)	(2,447)	1,039
(Loss) earnings per share	(0.05)	(0.00)	(0.02)	0.01
Diluted (loss) earnings per share	(0.05)	(0.00)	(0.02)	0.01

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

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Copper revenue ¹	9.39	8.83	11.22	10.32	9.32	10.18	12.60	10.86
MVC's realized copper price ²	2.65	2.68	3.01	3.06	3.16	3.36	3.16	3.19

¹ Million pounds of copper sold.

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

Q4-2013 revenue was positively impacted by the Maricunga tolling contract which contributed 1.5 million pounds in copper delivered. 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 under the tolling agreement with DET and a substantial decline in copper prices. Q2-2015 revenue was positively impacted by higher production levels, despite lower realized copper prices.

In addition to revenue variances, the Group's quarterly results in the most recent eight quarters were affected by variations in tolling and production costs:

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Tolling and production costs ¹	18,136	18,970	21,461	20,368	19,530	24,930	29,171	22,567
Unit tolling and production cost ²	1.93	2.15	1.91	1.97	2.10	2.45	2.32	2.08

¹ Thousands of dollars.

² Tolling and production costs divided over number of pounds of copper delivered.

Tolling and production costs are affected by production levels, input costs, particularly power costs, and copper prices. In Q3-2013 cost containment initiatives and higher production levels compared to Q2-2013 resulted in decreases to total and unit production costs. In Q4-2013 these costs were adversely impacted by other tolling costs of \$3.4 million and a \$ 1 million retroactive power charge for the years 2011-2013. In Q1-2014 total production costs decreased due to lower production. 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 was at the lowest level in 2 years. 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 the three prior quarters. In Q2-2015 the combination of higher production and lower production costs resulted in a substantial reduction in unit cost.

Cash Flow from Operations

The Group used cash of \$4.4 million in operations, compared to cash generated from operations of \$1.6 million in Q2-2014. YTD the Company used cash from operations of \$21.5 million, compared to \$0.1 million in YTD-2014.

Excluding the effect of changes in working capital accounts, the Group used cash of \$0.6 million, compared to \$1.5 million generated from operations in Q2-2014. YTD cash generated from operations before changes in working capital was \$0.6 million (YTD-2014: \$6.0 million).

Cash Flow from Financing Activities

The Group received \$42.9 million in debt proceeds net of transaction costs YTD-2015 (YTD-2014: \$nil). YTD-2014 the Group received \$0.3 million from the exercise of share purchase options.

Cash Flow from Investing Activities

YTD-2015, the Group used cash of \$25.9 million for payments of Capex, compared to \$6.1 million YTD-2014. The majority of MVC's Capex was incurred in connection with the Cauquenes expansion. In 2015 the Company has also paid \$0.5 million in capitalized interest associated with the Cauquenes expansion debt facilities. YTD-2014 the Company received \$0.1 million from the sale of plant and equipment.

Liquidity and Financial Position

The Group's cash and cash equivalents at June 30, 2015 totaled \$12.7 million, compared to \$18.3 million at December 31, 2014. The Group had working capital of \$12.8 million at June 30, 2015, compared to working capital of \$2.8 million at December 31, 2014. At June 30, 2015, the Group had approximately \$58.2 million of undrawn, committed credit facilities, as described under **Borrowings**.

The Group operates in a cyclical industry where levels of cash flow have historically been correlated to the market prices for copper. 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.

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 June 30, 2015 were \$71.3 million (December 31, 2014: \$32.9 million).

The Group expects to be able complete the Cauquenes phase one expansion 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.

Borrowings

Borrowing outstanding (Thousands)	June 30, 2015	December 31, 2014
	\$	\$
Cauquenes Expansion Loan (a)	38,360	-
Cauquenes Expansion VAT Facility (b)	3,939	-
DET Expansion Support Facility (d)	1,005	-
	43,304	-
Less short-term debt and current portion of long-term debt	7,294	-
	36,010	-

- 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 June 30, 2015 was 4.19% per annum (and would be 3.94% 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 June 30, 2015, MVC had drawn down \$40.3 million from the Cauquenes Expansion Loan.

MVC incurred due diligence, bank fees and legal costs of \$2.4 million, of which \$1.5 million were recognized as transaction costs as of June 30, 2015 based on the percentage of funds drawn to date. The remaining \$0.9 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. A total of \$0.4 million in capitalized interest was paid on June 30, 2015.

The outstanding balance on the loan (net of transaction costs) at June 30, 2015 was \$38.4 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 MVC is subject to certain bank covenants to be measured semi-annually starting on December 31, 2015.

- b) Also on March 25, 2015, MVC entered into a CLP 5,700 million (approximately \$9.0 million) loan 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 June 30, 2015 was 5.46% per annum. Interest is paid semi-annually starting on June 30, 2015. Interest on the VAT Facility is being fully capitalized during construction and commissioning. The outstanding balance on the loan at June 30, 2015 was \$3.9 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 secured \$30.0 million in additional credit facilities for the expansion, including a \$17.0 million expansion support agreement with DET and a \$13.0 million standby line of credit from three Amerigo shareholders that may be drawn down at Amerigo's option if required. No security was provided in connection with these facilities. At June 30, 2015, \$1.0 million had been drawn from the DET Facility (December 31, 2014: \$nil). 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 June 30, 2015, MVC had recognized \$0.5 million as transaction costs, and the balance of \$0.5 million was recognized as a prepaid finance expense. On June 30, 2015, the fair value of the IRS was determined to be \$1.0 million and mark-to-market adjustments of \$0.1 million were recognized in earnings, as a component of finance expense.

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 are payable to DET in respect of copper concentrates produced by MVC and are calculated using the London Metal Exchange ("LME") price for copper for the month of delivery of the tailings. Adjustments to the DET royalties are recorded on a monthly basis for changes in copper concentrate deliveries during the settlement period.

Royalties under the Fresh Tailings Contract are determined through a sliding scale formula tied to copper prices. Until August 1, 2015, no royalties were payable 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.

Under the Colihues Contract, MVC is required to pay a sliding scale royalty which is 3% for a copper price below \$0.80/lb and increases to approximately 30% at a copper price of \$4.27/lb. The parties are also required to review and potentially adjust costs and royalty structures for copper production from Colihues tailings where 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 payable 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 royalty costs, and an increase in the threshold below which no royalty is payable 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 for copper production from fresh and Cauquenes tailings and for all molybdenum production in the event monthly average prices fall below the respective royalty ranges during two consecutive months, and projections indicate the permanence of such prices over time (less than \$1.95/lb for copper or \$7.31/lb for molybdenum or for copper prices greater than \$4.80/lb for fresh tailings and \$5.50/lb for Cauquenes tailings, and for molybdenum prices greater than \$40/lb);
- 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 royalty payments 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 June 30, 2015, MVC had drawn down \$1.0 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 its debt holders 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.

Phase one will enable MVC to extract Cauquenes tailings for processing in MVC's existing processing plant. Construction of phase 1 is scheduled to conclude in Q4-2015 and is expected to result in increases in MVC's copper processing levels to an average annual rate of 70 million pounds. Capex budget for Phase one is \$71.1 million, of which \$40.6 million was incurred to June 30, 2015. The project is currently expected to be completed on schedule and on budget. The Group has the necessary facilities in place to ensure funding of the remaining capex.

After phase one is complete, 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.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at June 30, 2015, management of the Company determined that the continued depressed market price for the Company's shares, resulting in market capitalization for the Company below its net asset value, constituted an impairment indicator, and completed an impairment assessment for MVC that included a determination of fair value less costs to sell.

Key assumptions incorporated in the impairment model included the following:

- Copper prices (\$/lb): 2015: \$2.78; 2016: \$2.71; 2017: \$2.60; 2018: \$2.75; 2019: \$ 2.90; 2020: \$3.25; 2021 to 2037: \$3.50.
- Power costs (excluding benefit from self-generation): From 2015 to 2024 costs are per contractual estimates (2015: \$0.10186/kWh, 2016: \$0.10407/kWh, 2017: \$0.10916/kWh, 2018: \$0.12554/kWh; 2019: \$0.12138/kWh; 2020: \$0.11965/kWh; 2021: \$0.11999/kWh; 2022: 0.12059/kWh; 2023: \$0.12142/kWh; 2024 \$0.12209/kWh). From 2025 to 2037: estimated at \$0.1300/kWh.
- Operating costs based on historical costs incurred and estimated forecasts.
- Production volume and recoveries as indicated in MVC's mining plan from 2015 to 2037, including processing of fresh tailings and old tailings from the Colihues and Cauquenes deposits.
- Discount rate: 9% after tax

Management's impairment evaluation did not result in the identification of an impairment loss as of June 30, 2015. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgements. Sensitivities to changes in estimated metal prices, operating costs, grid power costs not covered by MVC's current power contracts, operating results from the Cauquenes deposit that differ from current projections and increases in estimated expansion capital costs, might trigger an impairment that could be material.

Investments

At June 30, 2015, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn\$0.10, and the fair value of the Group's approximately 5% investment in Candente Copper was \$0.4 million. YTD-2015, the Group recorded an impairment charge of \$0.1 million (YTD-2014: other comprehensive loss of \$0.6 million) for the change in fair value of this investment.

At June 30, 2015, Los Andes Copper Ltd. ("Los Andes"), a company listed on the TSX Venture Exchange, had a closing share price of Cdn\$0.21, and the fair value of the Group's approximately 4% investment in Los Andes was \$1.3 million. YTD-2015 the Group recorded other comprehensive loss of \$0.2 million (YTD-2014: other comprehensive income of \$0.9 million) for the change in fair value of this investment.

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 Chairman and CEO, an associate of the Chairman and CEO and a former director of Amerigo. 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 June 30, 2015 was \$10.6 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 \$9.7 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 six months ended June 30, 2015 and 2014, royalties totaling \$0.3 million were paid or accrued to the Amerigo International Class A shareholders.

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 \$0.3 million in the six months ended June 30, 2015 (six months ended June 30, 2014: increase in fair value of \$0.1 million), for a total royalty derivative recovery of \$0.1 million (six months ended June 30, 2014: expense of \$0.4 million).

b) Directors' fees and remuneration to officers

YTD-2015 and 2014, the Group paid or accrued \$0.5 million in salaries and fees to companies associated with certain directors and officers of Amerigo.

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, Chairman and CEO of Amerigo
- Michael J. Kuta Law Corporation – Controlled by Michael Kuta, General Counsel and Corporate Secretary of Amerigo.
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, CFO of Amerigo

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

YTD-2015, 1,800,000 options were granted to directors and officers of the Company (YTD-2014: 3,500,000 options).

- c) The Group has secured a \$13.0 million standby line of credit from three Amerigo shareholders, as described on page 17.
- d) As of June 30, 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.
- e) As of June 30, 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 Judgements

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 its 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.

The significant estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014, with the exception of the interest rate swap described on page 18.

a) Useful Life of Assets

MVC estimates the economic life of most of its 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 period, based on available production estimates.

c) 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.

d) Interest rate swap

MVC has 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.

Internal Controls over Financial Reporting ("ICFR")

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There was no material change in the Company's ICFR during the quarter ended June 30, 2015.

Commitments

- a) MVC entered into an agreement with its current power provider with a term from January 1, 2010 to December 31, 2017 which establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately \$0.4 million per month.
- b) MVC entered into an agreement with its current power provider with a term from January 1, 2018 to December 31, 2024 to supply approximately 70% of MVC's estimated annual power requirements in that period. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to be approximately \$1.4 million per month.
- c) At June 30, 2015, MVC has commitments for \$24.8 million in respect of purchase orders and construction contracts in connection with the Cauquenes expansion.
- d) In 2011 Amerigo and an unrelated corporation entered into a joint agreement for office premises in Vancouver. The Company's share of basic rent commitments for the remaining term of the lease to July 31, 2016 is approximately \$0.1 million.
- c) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess, under the new production scenario, the revision of the closure plan for the Cauquenes Deposit and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC's activities extracting and processing tailings contained in Cauquenes, the Parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until 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.

Other

As of August 10, 2015, 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;
- 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;
- decisions regarding 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;
- our ability to procure or have access to financing 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 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, 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.