Amerigo Resources Ltd. 3083 Three Bentall Centre, 595 Burrard Street Box 49298 Vancouver B.C. Canada V7X 1L3 P + 1.604.681.2802 F + 1.604.682.2802

Amerigo Resources Ltd.
Management Discussion and Analysis
For the Year Ended December 31, 2009

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

C O M P A N Y   P R O F I L E

Amerigo owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term contractual relationship with the National Copper Corporation of Chile ("Codelco") to treat fresh and old tailings from Codelco's El Teniente mine, the largest underground copper mine in the world. Chile is the world's largest copper mining country, and Codelco is the world's largest copper producer. It is estimated that Codelco owns approximately 20% of all known copper reserves on earth. Codelco produced 1.548 million tonnes of copper and generated a pre-tax profit of US $4.968 billion during 2008. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated will run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future.

The fresh tailings come from El Teniente's current production, and the old tailings mainly from a tailings pond located near MVC's plant that contains more than 200 million tonnes of material. The copper grade of the old tailings is approximately 2-3 times that of the fresh tailings and, once MVC gears up to process these old tailings at the maximum contractual rate, the Company will be in a position to substantially increase production and profitability from current levels. In addition, there are 2 other tailings ponds in the area, the rights to which MVC hopes to obtain in the future. These 3 tailings ponds combined contain a similar size copper resource as that of the Highland Valley Copper mine, the largest copper mine in Canada, when it first started operations.

I N T R O D U C T I O N

The following MD&A of the results of operations and financial position of Amerigo Resources Ltd. ("Amerigo") together with its subsidiaries (collectively, the "Company"), is prepared as of March 2, 2010, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2009 and December 31, 2008.

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 have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company's reporting currency is the US Dollar. Reference is made in this MD&A to various non-GAAP measures such as cash flow and cash flow per share from operating activities, operating profit/(loss), and cash cost and total cost (both of which do not have a standardized meaning but are widely used in the mining industry as performance indicators). Descriptions of the Company's use of non-GAAP measures are included in this MD&A.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Key achievements

In fiscal 2009 the Company continued to focus on strengthening operating profitability, resulting in a substantial increase of copper production and improved financial performance compared to fiscal 2008. The Company:

- Posted revenue of $58,384,604 and net earnings of $7,149,882 in the second half of 2009, compared to revenue of $31,088,644 and a net loss of $7,104,133 in the first half of the year.
- Posted net earnings of $45,749 in 2009 compared to a net loss of $18,986,845 in 2008.
- Generated an operating profit of $8,893,803, compared to an operating loss of $1,347,711 in 2008.
- Reduced operating costs by $18,395,748 compared to 2008, despite increased copper production levels in 2009.
- Now has consolidated cash in excess of $17,900,000 after the exercise of outstanding warrants in Q1-2010.
- Implemented changes to the mining plan for old tailings reaching record copper production of 17,674 tonnes of copper, 13% higher than the Company's previous record production of 15,707 tonnes of copper in 2008. Copper production from the processing of old tailings increased from 1,522 to 3,761 tonnes in the year.
- Generated operating cash flow (excluding changes in non-cash working capital accounts) of $11,554,482 in 2009, compared to $3,387,356 in 2008, including $11,342,732 in the second half of 2009.
- Completed an equity financing for net proceeds of $8,441,696 in difficult financial markets.
- Secured additional bank financing, structured a short-term bank loan into a medium term loan and negotiated payment deferrals with key partners and suppliers, including El Teniente.
- Made principal repayments of $5,877,744 on loans outstanding to Enami ($3,283,961) and to El Teniente ($2,593,783).

Financial results

- At an average copper sales price of $2.35/lb, the Company achieved operating profit of $8,893,803 and net earnings of $45,749, compared to an operating loss of $1,347,711 and a net loss of $18,986,845 in 2008 (which included a write-down of investments of $18,855,343).
- Revenue was $89,473,248 compared to $97,627,482 in 2008, due to lower average copper and molybdenum prices and lower molybdenum production. Cost of sales in 2009 was $80,579,445, compared to $98,975,193 in 2008.
- Cash flow provided by operations totaled $5,637,930 or 4¢ per share, lower than $10,609,319 or 11¢ per share in 2008, mainly due to an increase of $7,642,947 in accounts receivable from stronger metal prices in the latter months of the year and a reduction of $4,592,271 in accounts payable as the Company returned to normalized payment terms with suppliers, but offset by an increase of $6,198,816 in royalties payable to El Teniente.

Production

- The Company produced 38.96 million pounds of copper, 13% higher than the 34.63 million pounds produced in 2008. In April 2009, the Company successfully introduced a new mining plan to reprocess old tailings that substantially contributed to the increase in copper production in the year.

- Molybdenum production was 594,813 pounds, 23% lower than the 769,142 pounds produced in 2008, mainly as a result of lower molybdenum content in fresh tailings.

Revenue

- Revenue decreased to $89,473,248 compared to $97,627,482 in 2008 due to lower average copper and molybdenum prices and lower molybdenum production. The Company's copper selling price before smelter, refinery and other charges was $2.35/lb compared to $2.77/lb in 2008, and the Company's molybdenum selling price was $11.20/lb compared to $29.05/lb in 2008. Copper sales volume increased 14% compared to 2008 but molybdenum sales volume was 23% lower due to lower molybdenum production.

Costs

- Cash cost (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was $1.62/lb, compared to $2.01/lb in 2008. Cash costs decreased in 2009 as a result of higher copper production and lower overall production costs, principally power costs.

- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) was $2.21/lb compared to $2.75/lb in 2008. The decrease in total cost was driven by lower cash cost and lower El Teniente royalty due to lower copper and molybdenum prices.

- Power costs in 2009 were $23,336,113 ($0.1135/kwh) compared to $37,945,807 ($0.2103/kwh) in 2008. Chilean electricity costs in 2010 are expected to remain at levels comparable to 2009.

- Operating costs such as power, steel and reagents decreased from their high 2008 levels. Unit costs continued to be positively impacted by increased copper production. The Company expects that unit costs will continue to trend downwards in 2010.

Cash and Financing Activities

- Cash balance was $7,191,093 at December 31, 2009 compared to $3,187,084 at December 31, 2008.

- Subsequent to December 31, 2009, the Company received Cdn$12,013,452 from the exercise of the remainder of the Company's outstanding warrants, re-establishing a positive working capital position.

Investments

- Payments for capital expenditures were $11,557,454 compared to $23,133,008 in 2008. Capital expenditures incurred in 2009 totaled $10,784,059 (2008: $23,001,945) of which $4,070,314 were for MVC's power plant project.

- The Company's investments in Candente Copper Corp. ("Candente", formerly Candente Resource Corp.) and Los Andes Copper Ltd. ("Los Andes") had a fair value of $6,067,199 and $687,591 respectively at December 31, 2009 (December 31, 2008: $1,412,488 and $360,727, respectively). The $4,981,575 before-tax fair value increase in these investments in 2009 does not affect net earnings but is included as other comprehensive income for the year on a net of tax basis of $3,693,041.

OVERALL PERFORMANCE

In 2009 the Company posted net earnings of $45,749, compared to a net loss of $18,986,845 in 2008. The Company's financial performance in 2008 was significantly affected by a write-down of investments of $18,855,343 and by the sharp decline in copper and molybdenum prices in the last half of 2008.

Financial performance improved in 2009 due to a combination of higher copper production, a recovery in copper market prices and lower production costs.

The Company faced high copper price volatility in the year. Average London Metal Exchange ("LME") copper prices went from $1.4609/lb in January to $3.1669/lb in December. The recovery in copper price was a major driver of earnings and operating cash flow in the year as can be seen from the summary below:

	Q1-2009	Q2-2009	Q3-2009	Q4-2009
Revenue	13,021,611	18,067,033	24,532,499	33,852,105
Net earnings (loss)	(4,779,074)	(2,325,059)	3,238,116	3,911,766
Cash flow from operations	(1,545,684)	1,757,434	4,961,070	6,381,662
Cash flow from operations including the effect of changes in non-cash working capital items	(8,639,787)	7,420,230	(558,286)	7,415,773

In 2009 the Company produced 38.96 million pounds of copper and 594,813 pounds of molybdenum, compared to 34.63 million pounds of copper and 769,142 pounds of molybdenum produced in 2008.

Revenue of $89,473,248 was derived from the sale of 39.39 million pounds of copper and 594,380 pounds of molybdenum.

In 2009 the Company's activities resulted in operating cash flow of $5,637,930, including the effect of changes in non-cash working capital accounts. During the year the Company completed a private placement for net proceeds of $8,441,696 and structured most of the short term debt that resulted from the collapse in copper and molybdenum prices in Q4-2008 into term loans extending into 2010.

At December 31, 2009 the Company had cash and cash equivalents of $7,191,093 and a working capital deficiency of $6,353,737, compared to cash and cash equivalents of $3,187,084 and a working capital deficiency of $14,116,136 at December 31, 2008. Subsequent to year end, the Company received Cdn$12,013,452 from the exercise of the remainder outstanding warrants, re-establishing positive working capital.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Total revenue	$89,473,248	$97,627,482	$105,694,549
Net income (loss)	45,749	(18,986,845)	24,282,354
Earnings (loss) per share	-	(0.20)	0.26
Diluted earnings (loss) per share	-	(0.20)	0.26
Cash dividends paid	-	11,802,999	11,089,289

	At December 31, 2009	At December 31, 2008	At December 31, 2007
Total assets	$166,195,427	$144,258,877	$164,738,941
Total long-term liabilities [1]	21,547,373	16,981,669	11,972,476

[1] Long term liabilities at December 31, 2009 were comprised of: bank loan: $3,450,996 ($nil in 2008 and 2007); Enami loan: $1,887,164 (2008: $5,896,837, 2007: $nil); other payables: $1,434,383 (2008: $1,004,599, 2007: $1,003,500); asset retirement obligation: $5,480,949 (2008: $5,122,382, 2007: $4,787,273); future income tax: $9,292,881 (2008: $4,956,851, 2007: $6,180,703) and minority interest of $1,000 in 2009, 2008 and 2007.

OPERATING RESULTS

The Company produced 17,674 tonnes of copper in 2009, an increase of 13% compared to 2008 as the Company implemented a new mining plan to process old tailings containing higher grade material. Molybdenum production was 594,813 lbs, a decrease of 22% compared to 2008, mainly due to lower molybdenum content in fresh tailings. Molybdenum production increased significantly in Q3-2009 and Q4-2009 compared to the first half of the year, however, due to improved grades and increased processing of old tailings.

Copper prices improved throughout 2009. Average LME copper prices were $1.4609/lb in January 2009 and $3.1669/lb in December 2009.

Molybdenum prices were consistently low throughout 2009. The Platt’s published molybdenum dealer oxide prices were $9.213/lb in January 2009 and $11.230/lb in December 2009.

Due to high copper production levels and lower operating costs, the Company was able to substantially improve operating results in 2009. The Company posted an operating profit of $8,893,803 compared to an operating loss of $1,347,711 in 2008. Operating profit excluding amortization and accretion costs, which are non-cash items, was $14,902,788 in 2009 compared to $4,298,263 in 2008.

Notwithstanding a 13% increase in copper production in 2009, the Company was able to significantly reduce operating costs by $18,395,748 compared to 2008.

Production

	FISCAL 2009	FISCAL 2008
Copper produced, tonnes	17,674	15,707
Copper produced, million lbs	38.96	34.63
Molybdenum produced, lbs	594,813	769,142

Revenue

	FISCAL 2009		FISCAL 2008	
Average LME copper price	$	2.34/lb	$	3.16/lb
Average Platt's molybdenum dealer oxide price [1]	$	10.91/lb	$	28.42/lb
Copper sold, tonnes		17,866		15,736
Copper sold, million lbs		39.39		34.69
Molybdenum sold, lbs		594,380		778,501
Revenue, copper delivered during period [2]	$	81,909,726	$	84,840,659
Settlement adjustments to prior periods' sales		2,619,052		(2,276,364)
Total copper net sales during period		84,528,778		82,564,295
Revenue, molybdenum delivered during period [3]		5,460,431		18,544,674
Settlement adjustments during period		(515,961)		(3,481,487)
Total molybdenum net sales during period		4,944,470		15,063,187
Total revenue during period	$	89,473,248	$	97,627,482
Company's recorded copper price [4]	$	2.35/lb	$	2.77/lb
Company's recorded molybdenum price [5]	$	11.20/lb	$	29.05/lb

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

Revenue in 2009 was $89,473,248 compared to $97,627,482 in 2008, including copper revenue of $84,528,778 (2008: $82,564,295) and molybdenum revenue of $4,944,470 (2008: $15,063,187). Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue increased 3% from 2008 despite lower annual average copper prices in 2009 mostly due to higher copper production in the year.

In 2009 the Company recorded positive pricing adjustments to prior year's sales of $2,619,052, compared to negative adjustments of $2,276,364 in 2008.

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 2009 quotas Enami elected a pricing term that set the Company's copper sale price at the average market price for the first month after delivery ("M+1") except for the January and February quotas which were set at the average market price for the fourth month after delivery ("M+4"). Accordingly, provided monthly quotas were met, all copper delivered by the Company to Enami in one month was sold at market prices prevailing in the following month or in the fourth following month in the case of the January and February quotas. However, where production fell short of the monthly quota for a scheduled month of delivery, the quota was carried forward to a subsequent calendar month and the Company received a sale price calculated for the originally scheduled month of delivery until the quota was met.

In 2009 the Company entered into two price-protection transactions under its sales contract with Enami that set minimum/maximum prices for a portion of the Company's copper sales to Enami, and which are discussed under *Liquidity and Capital Resources*.

At December 31, 2009, MVC had delivered its full 2009 quota to Enami.

Molybdenum revenues were $4,944,470, 67% lower than $15,063,187 in 2008 mostly due to a 61% decrease in the Company's molybdenum selling price to $11.20/lb from $29.05/lb in 2008.

Molybdenum produced by the Company is sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2009 provided that the sale price was the average market price for the fifth month after delivery ("M+5"). Under this pricing arrangement as of December 31, 2009 only the molybdenum sales up to July 2009 were subject to final pricing. The Company is exposed to positive or negative settlement adjustments based on actual molybdenum prices in Q1-2010 and Q2-2010 in respect of sales from August to December 2009. Published molybdenum prices were $14.15/lb and $16/lb in January and February 2010 respectively, compared to $11.23/lb in December 2009.

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in fiscal 2009 and 2008 is presented below:

	Fiscal 2009	**Fiscal 2008**
Cost of sales	80,579,445	98,975,193
Add:		
Smelter and refinery charges	10,562,676	11,187,779
Deduct:		
Molydenum by-product credits	(4,944,470)	(15,063,187)
Total cost	86,197,651	95,099,785
Deduct:		
El Teniente royalties	(17,172,395)	(19,712,621)
Depreciation and amortization	(5,650,418)	(5,310,865)
Asset retirement accretion cost	(358,567)	(335,109)
Cash cost	63,016,271	69,741,190
Lbs. of copper produced	38.96M	34.63M
Total cost/lb	**2.21**	**2.75**
Cash cost/lb	**1.62**	**2.01**

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

	FISCAL 2009	**Q4-2009**	**Q3-2009**	**Q2-2009**	**Q1-2009**
Power costs	0.60	0.49	0.53	0.63	0.83
Steel costs	0.23	0.22	0.24	0.23	0.23
Other costs	0.57	0.67	0.59	0.40	0.58
By-product credits	(0.13)	(0.13)	(0.23)	(0.06)	(0.07)
Smelter & refinery	0.27	0.23	0.29	0.30	0.29
Administration	0.05	0.07	0.04	0.03	0.05
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	**$1.62**	**$1.58**	**$1.49**	**$1.56**	**$1.94**

	FISCAL 2008	**Q4-2008**	**Q3-2008**	**Q2-2008**	**Q1-2008**
Power costs	1.10	0.66	0.85	1.27	1.78
Steel costs	0.23	0.24	0.24	0.22	0.19
Other costs	0.70	0.62	0.81	0.81	0.57
By-product credits	(0.44)	0.10[1]	(0.75)	(0.65)	(0.48)
Smelter & refinery	0.32	0.28	0.33	0.35	0.35
Administration	0.07	0.06	0.09	0.07	0.06
Transportation	0.03	0.03	0.03	0.04	0.04
Cash Cost	**$2.01**	**$1.99**	**$1.60**	**$2.11**	**$2.51**

[1] Molybdenum by-product credits in Q4-2008 were in fact by-product costs due to the effect of negative pricing adjustments to molybdenum sales in the quarter.

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

Cash cost was $1.62/lb compared to $2.01/lb in 2008, a decrease of $0.39/lb. The major variances in cash cost between the two years were a $0.50/lb decrease in power costs and a $0.13/lb decrease in other production costs, offset by a $0.31/lb reduction in by-product credits.

Power, MVC's most significant cost, was $0.1135/kWh in 2009 compared to $0.2103/kWh in 2008. Chile's energy supply crisis has improved significantly since 2008 due to lower oil prices, lower industrial demand, higher access to hydro-generation and additional supply from new in country generating facilities. The Company's power generators reduce the Company's exposure to potential higher grid costs in future periods.

Molybdenum by-product credits of $0.13/lb were significantly lower than $0.44/lb in 2008, due to significantly lower molybdenum prices and lower molybdenum production.

Unit steel costs were comparable to those of 2008. Other production unit costs decreased $0.13/lb compared to 2008, due to a series of management-driven cost reduction initiatives.

Copper and molybdenum unit production costs continue to show a declining trend from historically high levels in 2008. This trend is expected to continue in 2010 as production continues to increase.

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

	FISCAL 2009	**Q4-2009**	**Q3-2009**	**Q2-2009**	**Q1-2009**
Cash cost	1.62	1.58	1.49	1.56	1.94
El Teniente royalty	0.44	0.57	0.46	0.38	0.28
Amortization/depreciation/accretion	0.15	0.06	0.19	0.20	0.20
Total Cost	**$2.21**	**$2.21**	**$2.14**	**$2.14**	**$2.42**

	FISCAL 2008	**Q4-2008**	**Q3-2008**	**Q2-2008**	**Q1-2008**
Cash cost	2.01	1.99	1.60	2.11	2.51
El Teniente royalty	0.57	0.27	0.65	0.75	0.66
Amortization/depreciation/accretion	0.17	0.17	0.15	0.16	0.17
Total Cost	**$2.75**	**$2.43**	**$2.40**	**$3.02**	**$3.34**

Total cost was $2.21/lb, compared to total cost of $2.75/lb in 2008. The most significant impact on total cost reductions resulted from a $0.39/lb decrease in cash cost and a $0.13/lb decrease in El Teniente royalty (due to lower average copper and molybdenum prices in 2009).

FINANCIAL RESULTS – FISCAL 2009

The Company posted net earnings of $45,749 ($nil basic and diluted loss per share), compared to a 2008 net loss of $18,986,845 (basic and diluted loss of $0.20 per share). The loss posted in 2008 included a write-down of investments of $18,855,343.

In 2009 the Company posted an operating profit of $8,893,803, an improvement from the 2008 operating loss of $1,347,711, which includes non-cash charges for amortization and asset retirement accretion of $6,008,985 (2008: $5,645,974). Operating profits were stronger in 2009 despite lower copper and molybdenum prices and lower molybdenum production due to a reduction of $18,395,748 in cost of sales mainly due to lower power and other production costs and lower El Teniente royalties as a result of lower metal prices.

Revenue

Revenue in 2009 was $89,473,248 compared to $97,627,482 in 2008. Revenue decreased due to lower copper and molybdenum prices and lower molybdenum production in 2009. Refer to **Operating Results – Revenue** for additional analysis.

Production Costs

	FISCAL 2009	FISCAL 2008
Production costs		
Power costs	$ 23,336,113	$ 37,945,807
Steel costs	8,933,878	7,778,510
Other production costs	22,068,489	24,280,686
	54,338,480	70,005,003
El Teniente royalty	17,172,395	19,712,621
Depreciation and amortization	5,650,418	5,310,865
Administration	1,892,212	2,529,531
Transportation	1,167,373	1,082,064
Asset retirement obligation accretion cost	358,567	335,109
Cost of sales	$ 80,579,445	$ 98,975,193

Annual production costs were 22% lower at $54,338,480 compared to $70,005,003 in 2008. Power costs decreased $14,609,694 from 2008 levels due to lower Chilean central grid power costs. Steel costs increased 15% as a result of higher copper production and harder tailings material in the year. Other production costs decreased $2,212,197, due to a series of management-driven cost reduction initiatives.

The El Teniente royalty was $17,172,395, 13% lower than $19,712,621 in 2008 mainly due to lower average copper and molybdenum prices in 2009. Copper royalty costs are based on average monthly copper prices in the month produced and are not subject to pricing settlement adjustments affecting copper revenue.

Depreciation and amortization cost was $5,650,418 compared to $5,310,865 in 2008 due to higher production in the year.

Administration expenses were $1,892,212 compared to $2,529,531 in 2008 due to labour incentive bonuses paid in 2008 in connection with a labour contract entered into in that year.

Transportation costs were $1,167,373, slightly higher than $1,082,064 in 2008 due to higher production and sales. Asset retirement accretion costs were $358,567 and $335,109 in 2008.

Operating profit

The Company's operating profit increased to $8,893,803 from an operating loss of $1,347,711 in 2008 due to a $18,395,748 reduction in cost of sales, including lower power and other production costs and lower royalties to El Teniente and despite a $10,118,717 reduction in molybdenum revenues.

Other expenses

“Other expenses” (costs not related to MVC’s production operations) increased 37% to $4,852,442 in 2009 from $3,563,884 in 2008. Excluding a $1,827,490 increase in interest expense to service debt in Chile, the aggregate of the expenses within this category decreased due in part to cost containment initiatives and the reduction of discretionary expenditures. These other expenses included office and general expenses of $818,944 (2008: $1,349,908), salaries, management and professional fees of $1,402,381 (2008: $1,181,253) and stock-based compensation expense of $255,063 (2008: $484,159).

Non-operating Items

Non-operating items in 2009 included a foreign exchange expense of $953,882 (2008: gain of $2,210,633), interest income of $46,888 (2008: $457,719), other income of $637,825 (2008: $236,965), other expenses of $1,386,200 ($nil in 2008) and an equity investment loss of $82,220 (2008: $78,491). In 2008 the Company posted a write down of investments of $18,855,343. Foreign exchange expense resulted from Chilean Peso and Canadian dollar fluctuations against the US dollar in the year, including the effect of translation of items denominated in those currencies. Other income of $637,825 and other expenses of $1,386,200 are higher in 2009 due to a contracting project undertaken by MVC to remove certain tailings for El Teniente. This project resulted in benefits to the Company in the form of fees of $472,937 included in other income, copper recoveries included in revenue and the potential for participating in future projects with El Teniente. Interest income decreased due to lower average cash balances held by the Company in 2009.

Taxes

The Company recorded income tax expense of $1,632,655 in 2009 compared to an income tax recovery of $2,576,855 in 2008. Income tax expense in 2009 includes an increase of $4,336,030 to the Company's future income tax liabilities which arises mainly from timing differences between financial and tax-based amortization expense in MVC, and also includes the foreign exchange translation into US dollars of a stronger Chilean Peso, the currency in which significantly all the future income tax liability is carried. The increase in future income tax liability does not represent income tax due in Chile on a current basis.

Non-Controlling Interests

Non-controlling interest cost was $625,368 in 2009 compared to $623,588 in 2008. Refer to **Related Parties**.

F I N A N C I A L R E S U L T S – QUARTER ENDED DECEMBER 31, 2009

In Q4-2009, the Company produced 5,498 tonnes of copper (Q4-2008:4,323 tonnes) and 246,636 lbs of molybdenum (Q4-2008: 211,729 lbs), 28% and 17% increases in copper and molybdenum production, respectively.

The Company posted net earnings of $3,911,766 (basic and diluted earnings of $0.03 per share), compared to a net loss of $21,180,874 (basic and diluted loss of $0.23 per share) in Q4-2008.

The net loss in Q4-2008 included a $6,617,602 write-down of investments and $12,463,135 in negative copper and molybdenum settlement adjustments, explaining most of the $25,092,640 earnings variance between the quarters.

A summary of key quarterly performance data from Q4-2008 to Q4-2009 is included below:

	Q4-2009	Q3-2009	Q2-2009	Q1-2009	Q4-2008
Copper production (tonnes)	5,498	4,589	4,358	3,228	4,323
Copper sales (tonnes)	5,713	4,622	4,304	3,228	4,336
Molybdenum production (lbs)	246,636	151,310	99,683	97,184	211,729
Molybdenum sales (lbs)	252,761	147,894	92,065	101,661	219,215
Company's recorded copper price ($/lb)* *Before smelter and refinery costs and settlement adjustments to prior quarters' sales*	2.79	2.43	2.06	1.82	1.31
Revenue	$ 33,852,105	$ 24,532,499	$ 18,067,033	$ 13,021,611	$ 614,179
Power costs	5,985,090	5,411,515	6,096,922	5,842,586	6,316,698
El Teniente royalty	6,875,447	4,686,346	3,634,597	1,387,644	2,615,100
All other cost of sales	12,697,674	10,983,234	8,585,823	8,392,567	10,639,015
Operating profit (loss)	8,293,894	3,451,404	(250,309)	(2,601,186)	(18,956,634)
Write-down of investments	-	-	-	-	6,617,602
All other expenses (gains), including taxes	4,382,128	213,288	2,074,750	2,177,888	(4,393,362)
Net earnings (loss)	$ 3,911,766	$ 3,238,116	$ (2,325,059)	$ (4,779,074)	$(21,180,874)
Earnings (loss) per share (basic)	0.03	0.02	(0.02)	(0.04)	(0.23)
Cash cost ($/lb)	1.58	1.49	1.56	1.94	1.99
Total cost ($/lb)	2.21	2.14	2.14	2.42	2.43
Cash flow from (used in) operations	$ 7,415,773	$ (558,286)	$ 7,420,230	$ (8,639,787)	$ (7,363,121)
Cash flow used in plant expansion	$ 3,307,744	$ 2,039,630	$ 3,244,767	$ 2,965,313	$ 4,605,232
Cash flow from (used in) financing	$ 201,232	$ (824,404)	$ (1,333,961)	$ 11,880,666	$ 10,896,837
Closing cash position	$ 7,191,093	$ 2,881,832	$ 6,304,152	$ 3,462,650	$ 3,187,084
Working capital	$ (6,353,737)	$ (7,468,463)	$(10,318,380)	$ (8,094,959)	$(14,116,136)

Revenue

Revenue during Q4-2009 was $33,852,105 compared to $614,179 in Q4-2008. Revenue increased substantially due to significantly stronger copper prices in Q4-2009 and to the fact that the Company's revenue in Q4-2008 was affected by historically low metal prices resulting in $12,463,135 in negative pricing adjustments to prior quarter sales.

Copper deliveries in Q4-2009 were recorded into revenue as follows:

Month of Sale	Quota	Pricing Term for Quota	Metric for Revenue Recognition	Price/lb	LME Average Price For
October 09	September 09	M+1	Final [1]	$2.85	October 09
October 09	Oct. 09 (price protected)	Call price	Final	$2.48	N/A
October 09	October 09	M+1	Final	$3.03	November 09
Nov. 09	October 09	M+1	Final	$3.03	November 09
Nov. 09	Nov. 09 (price protected)	Call price	Final	$2.48	N/A
Nov. 09	November 09	M+1	Final	$3.17	December 09
Dec. 09	November 09	M+1	Final	$3.17	December 09
Dec. 09	December 09 (price protected)	Call price	Final	$3.19	N/A
Dec. 09	December 09 (price protected)	Call price	Final	$3.20	N/A
Dec. 09	December 09	M+1	Provisional	$3.33	N/A

[1] Refers to final LME average prices, subject to pricing terms with Enami. In 2009, the terms were "M+4" for January and February quotas and "M+1" for March, May and subsequent months. No quota was set for April 2009.

As can be seen from the preceding table, almost all of the copper delivered by MVC to December 31, 2009 was subject to final pricing terms as of that date, substantially reducing the Company's exposure to final positive or negative copper pricing settlement adjustments in 2010. The only deliveries not subject to final pricing in 2009 was the portion of the December quota that was not subject to minimum/maximum prices, and which was subsequently priced at the January 2010 average LME price of $3.35/lb.

Production Costs

	Q4-2009		Q4-2008	
Production costs				
Power costs	$	5,985,090	$	6,316,698
Steel costs		2,674,509		2,289,859
Other production costs		8,099,623		5,897,373
		16,759,222		14,503,930
El Teniente royalty		6,875,447		2,615,100
Depreciation and amortization		606,842		1,495,679
Administration		831,695		609,343
Transportation		377,770		262,984
Asset retirement obligation accretion cost		107,235		83,777
	$	25,558,211	$	19,570,813

Production costs were $16,759,222 compared to $14,503,930 in Q4-2008, an increase of 16% between the two periods mostly attributed to substantially higher production levels in Q4-2009.

The El Teniente royalty was $6,875,447, higher than the royalty of $2,615,100 in Q4-2008, the result of higher copper prices and higher production.

Depreciation and amortization cost was $606,842 compared to $1,495,679 in Q4-2008, due to year-end adjustments to reverse amortization charges that had been booked for assets not yet ready for use at December 31, 2009.

Administration expenses were $831,695 compared to $609,343 in Q4-2008, due to certain severance payments at MVC and bonuses to MVC management.

Transportation costs were $377,770, compared to $262,984 in Q4-2008 due to higher deliveries in Q4-2009, and asset retirement accretion costs were $107,235 compared to $83,777 in Q4-2008.

Cash Cost and Total Cost

Cash cost in Q4-2009 was $1.58/lb compared to $1.99/lb in Q4-2008:

	Q4-2009	Q4-2008
Power costs	0.49	0.66
Steel costs	0.22	0.24
Other costs	0.67	0.62
By-product credits	(0.13)	0.10
Smelter & refinery	0.23	0.28
Administration	0.07	0.06
Transportation	0.03	0.03
Cash Cost	**$1.58**	**$1.99**

The decrease in cash cost resulted mainly from a decrease in power costs of $0.17/lb and the $0.13/lb in molybdenum by-product credits in Q4-2009, compared to a $0.10/lb by-product debit or "cost" in Q4-2008, caused by negative settlement adjustments recorded in that period.

The Company's total cost was $2.21/lb compared to $2.43/lb in Q4-2008:

	Q4-2009	Q4-2008
Cash cost	1.58	1.99
El Teniente royalty	0.57	0.27
Amortization/depreciation	0.06	0.17
Total Cost	**$2.21**	**$2.43**

El Teniente royalty cost increased sharply to $0.57/lb from $0.27/lb in Q4-2008 due to higher average copper prices and production, partially offsetting lower cash cost in the period. Amortization and depreciation costs were lower in Q4-2009 as they included year-end adjustments to MVC's amortization costs.

Other

Costs not related to MVC's production operations are identified as "Other Expenses" and were $1,517,513 compared to $783,419 in Q4-2008. The most significant expenses in Q4-2009 were salaries, management and professional fees of $651,928 (Q4-2008: $272,088), interest expense of $615,444 (Q4-2008 $210,302) and office and general expenses of $154,750 (Q4-2008: $182,755). Interest expense increased for debt service in Chile. Salaries, management and professional fees increased due to the accrual of bonuses to officers of the Company.

Non-operating items include a foreign exchange expense of $381,396 (Q4-2008: gain of $1,028,620), interest income of $26,788 (Q4-2008: $60,379), other income of $62,363 (Q4-2008: $39,961) and other expenses of $997,170 ($nil in Q4-2008). Other expenses were incurred in connection with a contracting project undertaken by MVC to remove certain tailings for El Teniente. This project resulted in benefits to the Company in the form of fees (included in other income), copper recoveries (included in revenue) and the potential for participating in other future projects with El Teniente. The Company also recorded a write-down of investments of $6,617,602 and an equity investment loss of $6,006 in Q4-2008.

The Company recorded income tax expense of $1,379,531 in Q4-2009 compared to income tax recoveries of $4,223,538 in Q4-2008. The tax expense includes increases to the Company's future income tax which do not represent income tax due in Chile on a current basis.

COMPARATIVE PERIODS

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

	QE Dec. 31, 2009	QE Sept. 30, 2009	QE June 30, 2009	QE March 31, 2009
Total revenue	$33,852,105	$24,532,499	$18,067,033	$13,021,611
Net earnings (loss)	3,911,766	3,238,116	(2,325,059)	(4,779,074)
Earnings (loss) per share	0.0293	0.0245	(0.0176)	(0.0421)
Diluted earnings (loss) per share	0.0258	0.0211	(0.0174)	(0.0421)

	QE Dec. 31, 2008	QE Sept. 30, 2008	QE June 30, 2008	QE March 31, 2008
Total revenue	$614,179[3]	$29,915,602	$31,164,236	$35,933,465
Net earnngs (loss)	(21,180,874)[1]	(10,407,427)[2]	6,218,444	6,383,012
Earnings (loss) per share	(0.2268)	(0.1124)	0.0660	0.0677
Diluted earnings (loss) per share	(0.2268)	(0.1124)	0.0660	0.0668

[1] Includes a write-down of investments of $6,617,602
[2] Includes a write-down of investments of $12,237,741
[3] After $12,463,135 in negative copper and molybdenum pricing adjustments

The variance in revenue in the past eight quarters shows the Company's sensitivity to copper and molybdenum prices. This is most evident in Q4-2008 when copper hit low prices, resulting in $12,163,135 in negative pricing adjustments to prior quarter sales. In 2009, revenue increased on a quarterly basis as copper prices recovered. Revenue in 2009 was also affected by the consistent increase in copper production throughout the year. Net loss in Q3-2008 and Q4-2008 was affected by investment write-downs of $12,237,741 and $6,617,602, respectively.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash of $5,637,930 (5¢ per share) from operations, compared to $10,609,319 (12¢ per share) in fiscal 2008, mainly due to an increase of $7,642,947 in accounts receivable in 2009 from strong copper sales and copper prices and a reduction of $4,592,271 in accounts payable as MVC normalized credit terms with its suppliers, but offset by an increase of $6,198,816 in royalties payable to El Teniente.

Excluding the effect of changes in working capital accounts, the Company generated cash of $11,554,482 compared to $3,387,356 in 2008.

Cash Flow from Financing Activities

Cash generated from financing activities was $9,923,533 compared to net cash provided by financing activities of $3,011,724 in 2008.

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

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

In 2009 the Company received an additional amount for the equivalent of $1,668,409 from a Chilean bank loan.

Cash Flow used in Investing Activities

Payments for capital expenditures were $11,557,454, substantially lower than the $23,133,008 in 2008. Capital expenditures were $10,784,059 (2008: $23,001,945). The most significant capital expenditures in 2009 were made in connection with equipment and installations to increase MVC's processing capacity of old tailings to 30,000TPD, old tailings classification and old tailings recirculation. The Company's 2009 capital expenditures budget originally had anticipated an expansion to the old tailings processing facilities to 25,000TPD but management decided to undertake additional capital projects to further increase processing capacity in order to take advantage of stronger copper prices,.

The power plant's cost of $24 million or approximately $1,000,000/megawatt of installed capacity is less than that of other similar power projects in Chile either currently under construction or in the planning process. MVC continues all necessary work to integrate the power plant into the Chilean central interconnected grid.

Liquidity and Financial Position

The Company's cash and cash equivalents at December 31, 2009 were $7,191,093, compared to $3,187,084 at December 31, 2008. The Company had a working capital deficiency of $6,353,737 at December 31, 2009 compared to a working capital deficiency of $14,116,136 at December 31, 2008.

The Company's cash and working capital were severely affected by the sharp decline in copper and molybdenum prices that took place in Q4-2008. Depressed metal prices subjected the Company to negative pricing adjustments in sales which had been provisionally priced at substantially higher prices, resulting in significantly reduced revenue and cash inflows. .

With stronger copper prices, higher copper production levels and lower production costs, the Company generated positive operating cash flows in 2009 and as of the date of this MD&A, has returned to positive working capital after receiving proceeds of Cdn$12,013,452 for the exercise of all warrants outstanding.

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

Under the first price-protection transaction, MVC had the right to receive a minimum price of $2.00/lb for 800 tonnes per month of copper production, for the June to November 2009 quotas (quotas were subject to M+1 pricing), representing approximately 50% of MVC's forecast copper production over that period. In return for the guaranteed minimum price, the Company received a maximum price of $2.48/lb on this production. As a result, if the LME monthly average copper price traded between $2.00 and $2.48/lb, MVC received the LME Price on this copper production.

Under the second price-protection transaction, MVC has the right to receive a minimum price of $2.60/lb for 800 tonnes per month of copper production, for quotas from December 2009 to May 2010 (the price-protected portion of the December 2009 quota was subject to M+1 pricing, the price-protected portions of the January to May 2010 quotas are subject to M+4 pricing), representing approximately 45% of MVC's forecast copper production over that period. In return for the guaranteed minimum price, the Company agreed to a maximum price of $3.20/lb on this production. As a result, if the LME monthly average copper price trades between $2.60 and $3.20/lb, MVC will receive the LME Price for this copper production.

Given that these transactions are modifications to MVC's sales agreement with Enami and the sales covered by them are in the normal course of MVC's business, the Company has determined that these transactions are not derivatives for accounting purposes. The Company has applied the provisions of CICA Handbook Section 3855 in respect of contracts entered into and held for the purpose of delivery of a non-financial item in accordance with the Company's expected sale requirements, considering that the agreement has a price based on a variable that is closely related to the asset being sold. Accordingly the portion of the Company's sales to Enami under the first transaction was priced at the LME price where the LME Price traded between $2.00 and $2.48/lb and at $2.48/lb in instances where the LME Price exceeded $2.48/lb. In the case of the second transaction, sales to Enami are priced at the LME price where the LME Price trades between $2.60 and $3.20/lb and at $3.20/lb where the LME Price exceeds $3.20/lb.

Enami provided MVC with a loan to cover payments for negative settlement adjustments to copper sales that resulted from the sharp decline in copper prices in Q4-2008. As at December 31, 2009 the principal amount of this loan was $8,523,632, and monthly payments were set at $325,000 plus interest during the period from May 2009 to March 2010, and $629,052 plus interest during the period from April 2010 to March 2011.

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

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

MVC also obtained a loan from Codelco-El Teniente for the equivalent of $5,376,216, in respect of the deferral of 70% of the royalty invoices to MVC for the months of November 2008 to April 2009. The amount outstanding on this loan at December 31, 2009 was the equivalent of $3,889,903. MVC is making monthly installment payments to Codelco of approximately $486,238 during the period from July 2009 to August 2010, except in cases where the average monthly copper price falls below $1.50/lb or increases to more than $3/lb for three consecutive months, in which case the monthly installments will be adjusted to be approximately $364,678 or $729,357 respectively. The total El Teniente royalty payable amounts shown in the Balance Sheet at December 31, 2009 include the loan and the current royalties due to El Teniente in the normal course of business.

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

Finally, MVC has two bank loans in Chile, the first being denominated in Unidades de Fomento ("UF"), a Chilean indexed monetary unit, and the second one in Chilean pesos, for the equivalent of $12,726,964 at December 31, 2009. A $7,015,635 loan was structured as a medium term loan on October 20, 2009. This loan is repayable in eight equal quarterly installments of UF20,950.035 each starting on January 20, 2010. The second loan of $5,711,329 has had several review dates, the current one being March 28, 2010. It is customary in Chile to have short term renewal dates for loans and for loans to be rolled over as long as they remain in good standing. In February 2010, the Company requested a one-month extension on this second loan to evaluate the bank's proposal for structuring this loan into a long-term loan or the repayment of the loan.

At December 31, 2009, the Company was not subject to debt covenants except for covenants that MVC has to meet at December 31 and June 30 of each year in connection with the medium-term bank loan referred to above. As at December 31, 2009, MVC was in complete compliance with these covenants.

Subsequent to December 31, 2009, the Company received proceeds of Cdn$12,013,452 on the exercise of 36,404,400 warrants and now has a positive working capital position.

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

As a result of the improvements in cash flows, and other actions outlined above, management believes the Company will be able to meet its obligations as they come due for at least the next 12 months.

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

The Company's long-term liabilities (Long Term Enami Loan, Long Term El Teniente Royalty Payable, Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at December 31, 2009 were $21,547,373, compared to $16,981,669 on December 31, 2008. The increase in long-term liabilities is due largely to an increase in the Company's future income tax liabilities and the reclassification of bank debt of $3,450,996 as long-term debt.

Investments

The Company holds a total of 10,788,280 shares in Candente, an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. The aggregate cost of this investment was $15,861,986. At December 31, 2008 Candente's closing share price was Cdn$0.16 per share, and the market value of the Company's approximately 13% investment was $1,412,488. Management determined that the decline in market value of this investment as of that date met the characteristics of an "other than temporary impairment", and a reduction of $14,449,498 to its fair value was recorded in 2008 earnings. At December 31, 2009, Candente's closing share price was Cdn$0.59 and the fair value of the Company's investment was $6,067,199. As a result, the Company recorded other comprehensive income of $4,654,711 for the fair value appreciation of this investment during the year.

The Company also holds a total of 8,015,000 shares in Los Andes, an issuer listed on the TSX Venture Exchange. The aggregate cost of this investment was $3,946,908. At December 31, 2008 Los Andes's closing share price was Cdn$0.055 per share, and the market value of the Company's approximately 4% investment was $360,727. Management determined that the decline in market value of this investment as of that date met the characteristics of an "other than temporary impairment" and a reduction of $3,586,181 to its fair value was recorded in 2008 earnings. At December 31, 2009 Los Andes's closing share price was Cdn$0.09 and the fair value of the Company's investment was $687,591. As a result, the Company recorded other comprehensive income of $326,864 for the fair value appreciation of this investment during the year.

In 2009 the Company recorded an unrealized tax expense associated with the fair value appreciation of these investments of $1,303,130 as a reduction to Accumulated Other Comprehensive Income in the Company's Balance Sheet.

SUMMARY OF OBLIGATIONS

	Total	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Accounts payable and accrued liabilities	9,999,369	9,999,369	-	-	-
Enami loans	8,523,632	6,636,468	1,887,164	-	-
ET royalties	11,474,509	11,474,509	-	-	-
Bank loans	12,726,964	9,275,968	3,450,996	-	-
Due to non-controlling interests	65,741	65,741	-	-	-
Other payables	1,434,383	-	-	-	1,434,383
Asset retirement obligations[1]	12,344,146	-	-	-	12,344,146
Minimum power payments [2]	11,220,000	2,040,000	4,080,000	3,060,000	2,040,000
Lease of office premises	140,186	140,186	-	-	-
Total contractual obligations	67,928,930	39,632,241	9,418,160	3,060,000	15,818,529

[1] The disclosed value of the asset retirement obligation is based on estimates from a 2007 study of what it would cost in 2021 to remove assets and restore the site where MVC's operations are conducted and included a market risk premium of 8%. This liability is being accreted systematically over time until a $12,344,146 value is reached in 2021. At December 31, 2009, the asset retirement obligation is estimated at $5,480,949.

[2] MVC entered into an agreement with its current power provider in order to guarantee power supply to MVC from Chile's central power grid beyond the supply expected to be generated by MVC's own power plant. The agreement extends from January 1, 2009 to December 31, 2017 and establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to be approximately $170,000 per month for the period January 1, 2009 to December 31, 2012, and $85,000 per month for the period January 1, 2013 to December 31, 2017.

O U T L O O K

Management believes that the change to the mining plan for the processing of old tailings will continue to positively impact production levels in 2010 and beyond. The portion of total production from old tailings increased to 40% of total copper production in Q4-2009.

If production increases as expected, unit costs are expected to continue to trend downwards, all other variables remaining unchanged.

Financial performance will continue to be positively affected if metal prices continue to increase. Unit costs will also be favourably affected by increased molybdenum prices and improved production levels, which will result in higher molybdenum credits.

Power costs per kWh at MVC in 2010 are expected to be comparable to 2009 levels.

Given the positive production trends and the expected continued reduction in cash and total costs, at prevailing copper and molybdenum prices the Company expects to continue to generate operating profits and positive cash flows from operations, excluding the effect of changes in non-cash working capital accounts.

Capital expenditures in 2010 are expected to be approximately $9,300,000.

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

S U B S E QU E N T   E V E N T S

Subsequent to December 31, 2009:

a. The Company received proceeds of Cdn$12,013,452 on the exercise of 36,404,400 warrants.

b. On February 27, 2010, a bank loan's review date was extended to March 28, 2010 at MVC's request, in order for MVC to evaluate the bank's proposal with respect to structuring the loan on a long-term basis or repayment of the loan.

c. The Company is in the process of assessing the full impact on MVC of an earthquake measuring 8.8 degrees on the Richter scale that struck Chile on February 27, 2010. Based on preliminary information and assessments received from MVC to date, there have been no reported injuries to MVC employees and family members. MVC has reported that tailings flow to its operations was interrupted and the plant shut down because of a power outage caused by the earthquake. MVC has also advised that although a complete review of the effect of the earthquake will only be possible once tailings flow is resumed, visual inspection indicates that there is no apparent material damage to MVC's operations.

O T H E R   M D & A   R E Q U I R E M E N T S

Transactions with Related Parties

a) Non-controlling interests

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

The holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a royalty dividend calculated as follows:

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

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

During the year ended December 31, 2009, royalty dividends totaling $625,368 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (2008: $623,588). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statement of Operations. At December 31, 2009, $65,741 of this amount remained outstanding (December 31, 2008: $49,670).

b) Remuneration to officers

During the year ended December 31, 2009 the Company paid or accrued $922,616 in fees to companies associated with certain directors and officers of Amerigo (2008: $635,597). Included in these fees are accrued bonuses of $309,790 to senior management (2008: $nil). In the same period, Amerigo paid or accrued $93,230 in directors' fees to independent directors (2008: $96,468). Directors' fees and remuneration to officers are categorized as Salaries, Management and Professional Fees in Amerigo's consolidated financial statements. At December 31, 2009, an aggregate amount of $321,808 was due to directors and officers for bonuses payable, directors' fees and reimbursement of expenses (December 31, 2008: $17,244). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In the year ended December 31, 2009 a total of 2,200,000 options were granted to directors and officers of the Company.

c) As of December 31, 2009 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) As of December 31, 2009 one of Amerigo's directors acted as a director and one of Amerigo's officers acted as an officer of Candente Copper Corp., a company in which Amerigo holds an investment.

e) As of December 31, 2009 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.

Contingencies

In Q3-2007, the Chilean Internal Revenue Service ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the fiscal years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15 million. Although the Company believes there is no merit to this assessment, the final outcome of this matter cannot be predicted with certainty. The Company retained legal counsel to prepare a response to SII in accordance with Chilean law and is awaiting SII's determination on this matter. Management believes that if the SII claim is ultimately upheld, the Company will have a claim for full indemnification from the sellers of MVC pursuant to the terms of the MVC purchase and sale agreement for losses incurred prior to the MVC purchase date of July 2003.

In the fourth quarter of 2007, SII issued a tax assessment to MVC for adjustments, penalties and interest of approximately $135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as MVC does not exploit under the definition of the Chilean Income Tax Law. Even if the mining royalty tax applied to MVC, there would have been no tax payable in 2006 as MVC's production levels that year fell below the threshold prescribed by SII for this tax. MVC has also retained legal counsel to prepare a response to SII on this matter.

No amounts have been recorded by the Company in respect of these matters. While the SII has conducted reviews during 2007 and 2008 in connection with these contingencies, as of the date of this MD&A, these contingencies had not been resolved.

Critical Accounting Estimates

There were no changes to the nature of the Company's critical accounting estimates in fiscal 2009. The most significant estimates are related to the physical and economic lives of contractual rights, property, plant and equipment and their recoverability, estimates regarding the future cost of retiring the Company's capital assets and the estimation of future cash flow requirements to determine the Company's ability to continue operating as a going concern.

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

Based on undiscounted cash flow projections for the years 2009 to 2021 built from MVC's production model at assumed copper prices of $1.50/lb for 2009, $1.60/lb for 2010, $1.70/lb for 2011 and $1.80/lb thereafter, and molybdenum prices of $10/lb for 2009, $11/lb for 2010 and $12/lb thereafter, management concluded that no impairment to the carrying value of its assets was required as of December 31, 2008.

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

Changes in Accounting Policies, Including Initial Adoption

Effective January 1, 2009 the Company adopted the following new accounting standards:

Goodwill and intangible assets
In February 2008, the CICA issued Handbook section 3064 "Goodwill and intangible assets" which is required to be adopted for fiscal year-ends beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of Goodwill subsequent to its initial recognition and of intangible assets by profit orientated enterprises. The adoption of this standard did not have any material impact on the Company's financial statements.

Credit Risk and Fair Value of Financial Assets and Liabilities
In January 2009, the CICA issued Emerging Issues Committee Abstracts ("EIC") 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this EIC did not have a significant effect on the financial statements.

Financial Instruments - Disclosures
The CICA amended Section 3862, "Financial Instruments – Disclosures," in 2009 to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosures. Adoption of this standard did not have a significant effect on the financial statements.

International Financial Reporting Standards ("IFRS") Implementation Plan

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

The Company has initiated its IFRS convergence project and has set the following timing objectives: to be in a position to convert its December 31, 2009 Canadian GAAP Balance Sheet to IFRS in Q1-2010, to produce financial statements under Canadian GAAP and IFRS in 2010 in order for the Company to disclose to users of its financial statements the quantitative differences arising in 2010 under both frameworks, and to produce IFRS financial statements as of January 1, 2011.

In order to meet these objectives the Company's financial staff in Canada and Chile attended IFRS courses and in-house training sessions in 2008 and 2009. IFRS introductory training has also been provided to MVC's managers and supervisors as the adoption of IFRS will have an impact on operational areas. The Company has prepared a mock set of financial statements under IFRS to identify additional disclosure requirements and has identified the key areas that will be affected by the conversion to IFRS: functional currency, initial valuation and subsequent accounting of property, plant and equipment, and asset retirement obligations. The Company is in the process of documenting key IFRS adoption areas, particularly in MVC, where it has engaged IFRS advisory services. On completion of its 2009 audit of financial statements, the Company and its IFRS advisors will process data to allow for a December 31, 2009 conversion of its Balance Sheet to IFRS. The Company will maintain dual Canadian-GAAP and IFRS accounts through 2010 to continue to meet its Canadian GAAP reporting obligations in that year and have the necessary 2010 comparative set of IFRS financial statements to use in 2011. The Company will be able to continue using its current information technology platforms in Canada and has purchased an accounting software package in Chile that allows for dual posting under IFRS and Chilean GAAP.

Disclosure Controls and Procedures

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

During the year ended December 31, 2005, the Company's General Counsel and Corporate Secretary completed an evaluation of the effectiveness of the Company's existing disclosure controls and procedures, undertook extensive research and made presentations and recommendations to the Company's certifying officers and board of directors. Based on those recommendations, a corporate disclosure policy was presented to the Company's board and adopted on February 14, 2006. The disclosure policy includes the setting up of a Disclosure Policy Committee that consists of the Company's Chairman, President and Corporate Secretary.

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

Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

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

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

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of December 31, 2009 by the Company's management, including the Chairman, President and Chief Financial Officer. Based on this evaluation, management has concluded that the design of the Company's internal controls over financial reporting was effective.

There were no changes in the Company's internal control over financial reporting during the year ended December 31, 2009 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Other

As of March 2, 2010, Amerigo has outstanding 170,860,344 common shares and 6,545,000 options (exercisable at prices ranging from Cdn$0.31 to Cdn$2.71 per share).

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

Cautionary Statement on Forward Looking Information

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