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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2014

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

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

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

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

COMPANY PROFILE

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean company that produces copper and molybdenum concentrates.

MVC has a long-term contractual relationship with the El Teniente Division (“DET”) of Corporación Nacional del Cobre de Chile (“Codelco”) to 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. Codelco has begun construction of a new mine level at El Teniente that is scheduled for completion in 2017 and is expected to extend El Teniente’s useful life by 50 years.

On April 8, 2014 MVC and DET entered into a contract (the “Master Agreement”) granting to MVC the rights to process tailings from DET’s Cauquenes historic 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 historic deposit (the “Colihues Contract”) (See **Cauquenes Expansion,** page 19).

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 “Company”), is prepared as of November 4, 2014, and should be read in conjunction with the Company’s condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2014 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2013.

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

The Company’s financial statements are reported under International Financial Reporting Standards (“IFRS”) 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 flow per share from operating activities, cash cost and total cost. Cash cost and total cost are terms that do not have a standardized meaning but are widely used in the mining industry as performance indicators. Refer to page 10 of this MD&A for a tabular reconciliation of the Company’s cash and total costs to cost of sales in Q3-2014 and Q3-2013.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Financial Overview

	Three months ended September 30,			
	2014	2013	Change	
			$	%
Copper produced, million pounds	10.16	11.04	(0.88)	(8%)
Copper sold, million pounds	10.32	10.86	(0.54)	(5%)
Molybdenum produced, pounds	143,008	193,138	(50,130)	(26%)
Molybdenum sold, pounds	148,255	206,645	(58,390)	(28%)
Percentage of copper production from old tailings	38%	37%	-	1%
Revenue ($ thousands)	28,881	31,950	(3,069)	(10%)
Cost of sales [1] ($ thousands)	27,027	30,202	(3,175)	(11%)
El Teniente royalty costs ($ thousands)	6,315	7,257	(942)	(13%)
Gross profit ($ thousands)	1,854	1,748	106	6%
Net (loss) profit ($ thousands)	(3,725)	1,039	(4,764)	(459%)
Operating cash flow ($ thousands) [2]	3,396	4,872	(1,476)	(30%)
Cash flow paid for plant expansion ($ thousands)	(1,969)	(2,533)	564	(22%)
Cash and cash equivalents ($ thousands)	10,203	5,368	4,835	90%
Average realized copper price per pound	3.06	3.19	(0.13)	(4%)
Cash cost per pound [3]	1.92	1.93	(0.01)	(1%)
Total cost per pound [3]	2.75	2.96	(0.21)	(7%)

[1] Includes El Teniente royalty costs

[2] Excluding working capital changes

[3] Cash and total costs are non-GAAP measures, refer to page 10 for a reconciliation of these measures to cost of sales

Financial results

- Revenue was $28.9 million, compared to $32 million in Q3-2013. Revenues decreased 10% due to lower copper and molybdenum sales volume and lower average copper prices.

- Cost of sales was $27 million compared to $30.2 million in Q3-2013, a decrease of 11% driven by lower production levels, lower depreciation expense and cost reduction initiatives implemented at MVC.

- Gross profit was $1.9 million, compared to $1.7 million in Q3-2013.

- Net loss was $3.7 million, compared to a net profit of $1 million in Q3-2013, mainly due to a non-cash charge of approximately $5.3 million for deferred income tax expense resulting from a significant tax reform enacted in Chile in September 2014 (page 14).

- In Q3-2014, the Company generated cash flow from operations before changes in non-cash working capital of $3.4 million, compared to $4.9 million in Q3-2013.

Production

- The Company produced 10.16 million pounds of copper, 8% lower than the 11.04 million pounds produced in Q3-2013.

- Molybdenum production was 143,008 pounds, 26% lower than the 193,138 pounds produced in Q3-2013.

- Copper production in Q3-2014 continued to be affected by low grades and low sulphide content for the old tailings, Molybdenum production was affected by low grades. MVC's mine plan has now progressed beyond the zone of lower grade tailings deposited in Colihues during launder repairs in 2006-2007 and copper production has started to improve in Q4.

Revenue

- Revenue decreased to $28.9 million, compared to $32 million in Q3-2013, due to lower production levels and lower copper prices. The Company's copper selling price before smelting, refining and other charges was $3.06/lb compared to $3.19/lb in Q3-2013, and the Company's molybdenum selling price was $12.63/lb compared to $9.41/lb in Q3-2013.

Costs

- Cash cost (a non-GAAP measure equal to the aggregate of smelting, refining and other charges, production costs net of inventory adjustments and molybdenum and tolling-related net benefits, administration and transportation costs, see page 10) before El Teniente royalty was $1.92/lb, compared to $1.93/lb in Q3-2013.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, El Teniente royalty, depreciation and accretion, see page 10) was $2.75/lb compared to $2.96/lb in Q3-2013, mainly as a result of lower depreciation charges, following the extension of MVC's rights to process DET tailings from 2021 to 2037.

- Power costs in Q3-2014 were $5.6 million ($0.0886/kwh) compared to $5.1 million ($0.0802/kwh) in Q3-2013. Similar power cost levels are expected to December 31, 2017, the end of the term of MVC's current power contract.

- Total El Teniente royalties were $6.3 million in Q3-2014, compared to $7.3 million in Q3-2013, due to lower production and metal prices.

Cash and Financing Activities

- Cash balance was $10.2 million at September 30, 2014 compared to $13.1 million at December 31, 2013.

Investments

- Cash payments for capital expenditures ("Capex") were $2 million, compared to $2.5 million in Q3-2013, and were funded from operating cash flow and cash on hand. YTD cash payments for Capex were $8.1 million, compared to $9.9 million in 2013.

- Capex incurred in Q3-2014 totaled $1.7 million (Q3-2013: $2.2 million) and included project investments in connection with Cauquenes engineering and permitting and sustaining Capex projects. YTD-2014 incurred Capex totaled $6.5 million (YTD-2013: $7.2 million).

- The Company's investments in Candente Copper Corp. and Los Andes Copper Ltd. had an aggregate fair value of $2.6 million at September 30, 2014 (December 31, 2013: $3.2 million).

Outlook

- Production YTD-2014 has been adversely affected by low grades and low sulphide content for the old tailings. MVC maintains its previous guidance of 40 million pounds of copper and 500,000 pounds of molybdenum.

- Cash cost (see page 10) continues to be projected to be between $2.15/lb and $2.25/lb in 2014.

- 2014 sustaining Capex at MVC is estimated to be approximately $4.5 million. Capex for the Cauquenes expansion project is estimated to be approximately $140 million excluding escalation, contingencies and finance costs (see **Cauquenes Expansion**, page 19), of which $9.6 million has been incurred to September 30, 2014.

SUMMARY OF FINANCIAL RESULTS Q3-2013 TO Q3-2014

	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Copper production, million pounds	10.16	9.34	10.19	12.25	11.04
Copper sales, million pounds	10.32	9.32	10.18	12.60	10.86
Moly production - pounds	143,008	152,340	125,016	181,464	193,138
Moly sales - pounds	148,255	153,970	110,774	174,211	206,645
Financial results ($ thousands)					
Revenue	28,881	27,325	32,370	37,035	31,950
Cost of sales					
Production costs	17,471	15,565	19,001	23,827	17,307
El Teniente royalty	6,315	6,250	6,421	8,540	7,258
Depreciation and amortization	1,814	2,668	4,738	4,112	4,143
Administration	1,083	1,297	1,191	1,232	1,117
Transportation	344	347	355	402	377
	27,027	26,127	31,706	38,113	30,202
Gross profit (loss)	1,854	1,198	664	(1,078)	1,748
Other expenses					
Office and general expenses	316	164	419	228	312
Salaries, management and professional fees	488	451	538	809	440
Share-based payment compensation	155	387	-	-	-
Royalties to related parties	(974)	318	45	(180)	(32)
	(15)	1,320	1,002	857	720
Loss from change in estimates	-	8,066	-	-	-
Other gains and losses					
Foreign exchange expense (gain)	34	(318)	(197)	694	(397)
Impairment charges	-	-	-	668	-
Other gains	(133)	(47)	(80)	(95)	(90)
	(99)	(365)	(277)	1,267	(487)
Operating profit (loss)	1,968	(7,823)	(61)	(3,202)	1,515
Finance costs	(25)	95	149	161	166
Profit (loss) before tax	1,993	(7,918)	(210)	(3,363)	1,349
Income tax expense (recovery)	5,718	372	179	(917)	310
(Loss) profit for the period	(3,725)	(8,290)	(389)	(2,446)	1,039
(Loss) earnings per share - basic	(0.02)	(0.05)	0.00	(0.02)	0.01
(Loss) earnings per share - diluted	(0.02)	(0.05)	0.00	(0.02)	0.01
Cash cost ($/lb) [1]	1.92	2.22	2.22	2.19	1.93
Total cost ($/lb) [1]	2.75	3.23	3.38	3.36	2.96
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	3,396	1,473	4,503	2,787	4,872
Operating cash flow after working capital changes	5,097	1,609	(1,702)	11,919	4,164
Cash used in investing activities	(1,969)	(2,723)	(3,402)	(3,537)	(2,533)
Cash from exercise of stock options	-	157	98	-	-
Ending cash position	10,203	7,265	8,142	13,148	4,655

[1] Cash and total costs are non-GAAP measures. Refer to page 10 for the basis of reconciliation of these measures to cost of sales.

OPERATING RESULTS

In Q3-2014 the Company produced 10.2 million pounds of copper, 8% lower than in Q3-2013. Copper sales were 10.3 million pounds, 5% lower than in Q3-2013.

Copper production during the quarter continued to be adversely affected by low grades and low sulphide content for the old tailings. MVC's mine plan has now progressed beyond the zone of lower grade tailings deposited in Colihues during launder repairs in 2006-2007 and copper production is expected to improve in Q4-2014.

In order to ensure adequate operating cash flow continues to be generated for the Cauquenes Expansion, the Company has implemented a number of ongoing cost reduction initiatives at MVC. The Colihues mining subcontract was terminated in Q2-2014 as part of that program, and is resulting in substantial cost savings at MVC. Old tailings are now being processed directly by MVC employees and resources, and the Company is planning to ensure that MVC processes the tailings in the Cauquenes deposit in the same manner.

Copper production in Q3-2014 includes 0.5 million pounds of copper produced and sold pursuant to a tolling contract with Compañía Minera Maricunga ("Maricunga"). The tolling contract involves the purchase by MVC of Maricunga copper concentrate, which is blended with MVC's concentrates and sold through MVC's copper sales contract.

Molybdenum production at 143,008 pounds was 26% lower than in Q3-2013, and molybdenum deliveries to the roaster were 28% lower than in Q3-2013.

The Company's cost of sales was 11% less than in Q3-2013, due to lower production, El Teniente royalty and depreciation costs and the effect of a gain from Changes in Estimates.

During Q3-2014 the Company generated cash flow from operations before working capital changes of $3.4 million, posted a gross profit of $1.9 million and incurred a net loss of $3.7 million.

Production

	Q3-2014	Q3-2013
FRESH TAILINGS EL TENIENTE		
Tonnes processed	11,919,535	11,879,432
Copper grade (%)	0.114%	0.136%
Copper recovery	22.1%	19.4%
Copper produced (lbs)	6,613,376	6,901,963
OLD TAILINGS COLIHUES		
Tonnes processed	3,452,142	2,724,540
Copper grade (%)	0.202%	0.263%
Copper recovery	20.1%	26.2%
Copper produced (lbs)	3,083,416	4,133,371
TOLL PROCESSING		
Copper produced (lbs)	459,443	-
COPPER		
Total copper produced (lbs)	10,156,235	11,035,334
Total copper sold (lbs)	10,320,906	10,856,100
MOLYBDENUM		
Total molybdenum produced (lbs)	143,008	193,138
Total molybdenum sold (lbs)	148,255	204,645

Exploration and evaluation assets

The Company's exploration and evaluation assets ("EEA") related to costs incurred to conduct pilot tests, and for engineering and other associated costs to evaluate potential options for the processing of tailings in the Cauquenes deposit. MVC had the legal right to explore this area while it conducted negotiations to obtain the rights to process these tailings. EEA was reclassified to property, plant and equipment ("PPE") in Q2-2014.

Revenue

		Q3-2014		Q3-2013
Average LME copper price per pound	$	3.17	$	3.21
Average Platt's molybdenum dealer oxide price per pound [1]	$	12.70	$	9.41
Total copper net sales during the period (thousands)	$	26,001	$	30,618
Total molybdenum & tolling sales during the period (thousands)		2,880		1,332
Total revenue during period (thousands)	$	28,881	$	31,950
Company's recorded copper price per pound [2]	$	3.06	$	3.19
Company's recorded molybdenum price per pound [3]	$	12.63	$	9.41

[1] Basis price for the Company's molybdenum sales.
[2] Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior quarters' sales.
[3] Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior quarters' sales.

Revenue in Q3-2014 was $28.9 million, compared to $32 million in Q3-2013, including copper revenue of $26 million (Q3-2013: $30.6 million) and molybdenum and tolling revenue of $2.9 million (Q3-2013: $1.3 million). Revenues are net of smelting, refining and roasting charges.

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 2014 quotas the arrangements between the Company and Enami set the Company's copper sale price at the average market price for the preceding month ("M-1"). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month is being sold at market prices prevailing in the preceding month.

Average LME copper prices in Q3-2014 were $3.17/lb compared to $3.21/lb in Q3-2013, and the Company's recorded copper sales price was $3.06/lb, compared to $3.19/lb in Q3-2013. The difference between the average LME copper price and the Company's recorded sales price results from the pricing terms that applied to the Company's sales in the period.

Molybdenum prices decreased in Q3-2014 from Q2-2014 levels, but were higher than in Q3-2013. The realized molybdenum sales price for Q3-2014 was $12.63/lb, compared to $9.41/lb in Q3-2013.

Molybdenum produced by the Company is predominantly sold under a sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet"), which in 2014 provided that the sale price was the average market price for the third month after delivery ("M+3"). Accordingly, none of the molybdenum sold in Q3-2014 was priced at final prices as of September 30, 2014. Sales of molybdenum are provisionally priced at the average Platt's molybdenum dealer oxide price which for September 30, 2014 was $12.00/lb

Cash Cost and Total Cost

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

A reconciliation of cost of sales to cash cost and total cost in Q3-2014 and Q3-2013 is presented below:

		Q3-2014		Q3-2013
Cost of sales (thousands)	$	27,027	$	30,202
Add (deduct):				
Smelting and refining charges (thousands)		3,616		3,763
Inventory adjustments (thousands)		(1,049)		42
By-product credits (thousands)		(2,880)		(1,332)
Total cost (thousands)	$	26,714	$	32,675
Deduct:				
El Teniente royalties (thousands)		(6,315)		(7,258)
Depreciation and amortization (thousands)		(1,814)		(4,143)
Cash cost (thousands)	$	18,585	$	21,274
Million pounds of copper produced from fresh and old tailings [1]		9.7		11
Cash cost ($/lb)		**1.92**		**1.93**
Total cost ($/lb)		**2.75**		**2.96**

[1] Excludes 459,443 pounds produced in Q3-2014 from toll processing, a by-product.

The Company's trailing annual and quarterly cash costs (see page 10) ($/lb of copper produced) were:

	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Power costs [1]	0.58	0.61	0.55	0.67	0.46
Grinding media	0.22	0.27	0.29	0.27	0.25
Other direct costs	0.90	1.14	1.12	1.26	0.86
By-product credits	(0.30)	(0.36)	(0.28)	(0.54)	(0.12)
Smelting & refining	0.37	0.38	0.38	0.38	0.34
Administration	0.11	0.14	0.12	0.11	0.10
Transportation	0.04	0.04	0.04	0.04	0.04
Cash Cost	**$1.92**	**$2.22**	**$2.22**	**$2.19**	**$1.93**

[1] Power costs include retroactive sub-transmission charges of $0.09/lb in Q4-2013.

Cash cost in Q3-2014 was $0.01/lb lower than in Q3-2013. Major components of cash cost include power and grinding media costs, other direct costs (including direct labour costs), smelting/refining costs and by-product credits (molybdenum and Maricunga).

Power is MVC's most significant cost, and was $0.0886/kWh in Q3-2014, compared to $0.0802/kWh in Q3-2013. Unit power costs in Q3-2014 at $0.58/lb were higher than $0.46/lb in Q3-2013 due to a lower credit from the operation of the Company's generators.

MVC operates its generators when the grid price exceeds the generator's operating costs. The economic benefit from operating the generators in Q3-2014 was $575,000 (Q3-2013: $1.2 million).

Unit grinding media costs were $0.22/lb in Q3-2014(Q3-2013: $0.25/lb).

Other direct costs of $0.90/lb (Q3-2013: $0.86/lb) included tolling costs of $0.11/lb ($nil in Q3-2013) and direct labour costs of $0.26/lb (Q3-2013: $0.20/lb). All other combined direct costs decreased $0.13/lb in Q3-2014, compared to Q3-201, mostly from a $0.12/lb reduction in Colihues processing costs.

By-product credits of $0.30/lb increased from $0.12/lb as a result of the Maricunga tolling agreement.

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

	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Cash cost	1.92	2.22	2.22	2.19	1.93
El Teniente royalty	0.65	0.70	0.67	0.79	0.66
Amortization/depreciation	0.18	0.31	0.49	0.38	0.37
Total Cost	**$2.75**	**$3.23**	**$3.38**	**$3.36**	**$2.96**

Total cost was $2.75/lb, compared to $2.96/lb in Q3-2013. The most significant impact on total cost resulted from a $0.19/lb decrease in amortization and depreciation charges due to the contract extension with DET, followed by a $0.01/lb decrease in El Teniente royalty and a $0.01/lb decrease in cash cost.

FINANCIAL RESULTS Q3-2014

The Company posted a net loss of $3.7 million ($0.02 basic and diluted loss per share), compared to a net profit of $1 million in Q3-2013 ($0.01 basic and diluted earnings per share), due to a $5.9 million deferred income tax expense, the majority of which results from the Chilean tax reform enacted in September 2014 (see page 14).

Revenue

Revenue in Q3-2014 was $28.9 million (Q3-2013: $32 million).

Production Costs

		Q3-2014		Q3-2013
(Expressed in $ thousands)				
Direct production costs				
Power costs	$	5,614	$	5,121
Grinding media		2,138		2,714
Labour costs		2,526		2,156
Other direct production costs		7,193		7,316
		17,471		17,307
El Teniente royalty		6,315		7,258
Depreciation and amortization		1,814		4,143
Administration		1,083		1,117
Transportation		344		377
Cost of sales	$	27,027	$	30,202

Direct production costs were $17.5 million in Q3-2014, compared to $17.3 million in Q3-2013.

Power costs increased by $493,000 or 10% compared to Q3-2014, mostly as a result of a lower contribution from the operation of the Company's generators.

Grinding media costs were $2.1 million, compared to $2.7 million in Q3-2013.

Direct labour costs were $2.5 million in Q3-2014 compared to $2.2 million in Q3-2013. Additional workers were hired at the start of the quarter for the Colihues processing operations, which were formerly operated through a subcontractor.

The most relevant other direct production costs are summarized in the following tables:

		Q3-2014		Q3-2013
(Expressed in $ thousands)				
Other direct production costs				
Colihues extraction	$	1,244	$	2,714
Maintenance, excluding labour		1,177		1,237
Molybdenum production costs, excluding labour		705		876
Industrial water		381		431
Copper reagents		442		521
Subcontractors, support services, etc.		622		568
Filtration and all other direct copper production costs		122		210
Lime		205		295
Tolling costs		1,041		-
Process & environmental control, safety		205		506
Inventory adjustments		1,049		(42)
	$	7,193	$	7,316

($/lb Cu)	**Q3-2014**	**Q3-2013**
Other direct production costs		
Colihues extraction	0.13	0.25
Maintenance, excluding labour	0.12	0.11
Molybdenum production costs, excluding labour	0.07	0.08
Industrial water	0.04	0.04
Copper reagents	0.05	0.05
Subcontractors, support services, etc.	0.06	0.05
Fuel and all other direct copper production costs	0.01	0.02
Lime	0.02	0.03
Tolling costs	0.11	-
Process & environmental control	0.02	0.05
Inventory adjustments	0.11	-
	0.74	0.66

Cost reduction initiatives continue to show positive results. Other direct production costs decreased by $123,000 to $7.2 million (Q3-2013: $7.3 million), despite the fact that this amount includes $1 million in tolling costs (Q3-2013: $nil) and $1 million in inventory adjustments (Q3-2013: $42,000). The most significant reduction was in Colihues extraction costs, which were $1.5 million lower than in Q3-2013.

Effective July 1, 2014, the Company terminated the subcontract for the processing of Colihues tailings and began processing these tailings with its own employees and resources, which it also plans to do in the Cauquenes deposit. This initiative contributed to a $0.12/lb cost reduction in Q3-2014, compared to Q3-2013.

The increase of $0.08/lb in total other direct production costs includes $0.11/lb in tolling costs ($nil in Q3-2013) and $0.11/lb booked in Q3-2014 ($nil in Q3-2013) from inventory adjustments.

The El Teniente royalty at $6.3 million was 13% lower than in Q3-2013, due to lower production and average metal prices. Copper royalty costs on fresh tailings are calculated using the LME average price for copper for the month of delivery of the tailings, and invoiced by DET in Chilean Pesos ("CLP") using the higher of either the "Dolar Acuerdo" or the "Dolar Observado" exchange rates. The effect of using the higher Dolar Acuerdo rates in Q3-2014 resulted in an increase of $660,000 in royalty costs.

The terms of the royalty payments to El Teniente have been modified pursuant to the Master Agreement, but these changes will only be effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of tailings from the Cauquenes deposit. Refer to **Cauquenes Expansion** (page 19).

From time to time the Company may enter into short term modifications to the legal structure of the royalty arrangements with DET which, in the Company's view, do not change the substance of the underlying royalty arrangement.

Depreciation and amortization cost decreased to $1.8 million (Q3-2013: $4.1 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 in Q3-2014 and Q3-2013.

Transportation costs were $344,000 compared to $377,000 in Q3-2013 as a result of lower sales volume.

Other gains and expenses

Other gains of $114,000 (Q3-2013: other expenses of $233,000) are gains and costs not related to MVC's production operations, and are comprised of the following:

A general and administration gain of $15,000 (compared to an expense of $720,000 in Q3-2013) which was the result of a positive non-cash adjustment of $974,000 (Q3-2013: $32,000) in royalties to related parties. This adjustment includes actual royalty dividends to related parties of $155,000 (Q3-2013: $176,000) and changes in fair value, as the royalty is a derivative financial instrument (Q3-2014: ($1.1 million); Q3-2013: ($208,000)). Other general and administration expenses in Q3-2014 included office and general expenses of $316,000 (Q3-2013: $312,000), salaries, management and professional fees of $488,000 (Q3-2013: $440,000) and share-based payments of $155,000 (Q3-2013: $nil).

- Other gains of $99,000 (Q3-2013: $487,000) included a foreign exchange expense of $34,000 (Q3-2013: gain of $397,000) and interest income and other gains of $133,000 (Q3-2013: $90,000). Foreign exchange gains or losses are recognized mostly in MVC. On January 1, 2014, MVC prospectively changed its functional currency from the Chilean peso to the US dollar1. MVC continues to hold monetary assets and/or liabilities denominated in Chilean pesos, however, which results in foreign exchange gains or losses.

[1] Effective January 1, 2014, the functional currency of MVC was changed prospectively from the CLP to the U.S. dollar in anticipation of the level of U.S denominated indebtedness to be undertaken by MVC in 2014 to finance the Cauquenes expansion project and from a review of the currency-related fact patterns of its current concentrate sales contracts and contracts with DET. While payments from current clients to MVC for concentrate sales and payments by MVC of DET royalties have to be documented and settled in CLP (due to Chilean regulatory provisions requiring all invoices with Chilean parties to be denominated in CLP) the underlying currency in these significant revenue and cost contracts is the U.S. dollar.

Finance gains and expenses

The Company recorded a finance gain of $25,000 (Q3-2013: $166,000) from interest charge adjustments (Q3-2013: $73,000). In Q3-213 the Company posted an ARO accretion cost of $93,000). The Company ceased to recognize ARO accretion costs in Q2-2014 upon the signing of the Master Agreement.

Taxes

Income tax expense was $5.7 million in Q3-2014 (Q3-2013: $310,000), including deferred income tax expense of $5.9 million (Q3-2013: income tax recovery of $52,000) and current income tax recovery of $213,000 (Q3-2013: income tax expense of $362,000).

The $5.9 million deferred income tax expense in Q3-2014 results from an increase to the Company's deferred income tax liability, which arises mostly from the difference between the book and tax values of MVC's PPE. Approximately $5.3 million of the deferred income tax expense resulted from an increase to MVC's long-term tax rate from 20% to 27%, as described below. Deferred income tax expense is a non-cash charge and does not represent amounts due to the Chilean tax authority.

The increase in long-term tax rates in Chile was introduced through a comprehensive Tax Reform package enacted in September 2014. The Tax Reform contemplates two tax regimes: A fully integrated regime and a partially integrated regime, the effects of which are summarized below.

For a corporation taxable under the fully integrated regime:

- The income tax rate rises from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016 and 25% from 2017 onwards.
- The corporation pays income tax at the above rates on its earnings, but the earnings are also attributed to the corporation's shareholders in the year earned and are subject to the 35% Additional Withholding Income Tax ("AWIT"), whether or not earnings are distributed from the corporation to shareholders.
- Where shareholders in the corporation are also corporations, income is attributed through holding entities until it reaches shareholders domiciled abroad.
- The shareholders receive a tax credit equal to the income tax paid by the corporation on its earnings.

For a corporation taxable under the partially integrated regime:

- The income tax rate rises from 20% to 21% in 2014, 22.5% in 2015, 24% in 2016, 25.5% in 2017 and 27% from 2018 onwards.
- The corporation pays income tax at the above rates on its earnings, but the earnings are not attributed to the shareholders if they are not distributed from the corporation.
- Upon distribution of earnings to shareholders domiciled outside of Chile, the 35% AWIT will apply, with a credit which, in the case of Canadian shareholders, will be the full amount of the income tax paid by the corporation on the amount distributed out of Chile, as Canada and Chile have a tax treaty in place. In the absence of a tax treaty, the credit is reduced to 65% of the income tax by the corporation on the amount distributed.

The default system for companies such as MVC and Colihues Energía will be the partially integrated system, but taxpayers may elect to operate under any of the regimes. Once an election is made, taxpayers must remain in the selected regime for at least five consecutive years. The Company has decided that its subsidiaries in Chile will operate under the partially integrated regime for the foreseeable future.

F I N A N C I A L R E S U L T S – NINE MONTHS ENDED SEPTEMBER 30, 2014

During YTD-2014 the Company posted a loss of $12.4 million ($0.07 loss per share), compared to YTD-2013 profit of $3.4 million ($0.02 earnings per share).

A significant contributor to the loss posted YTD-2014 was $6.2 million in Changes in Estimates and the $5.3 million deferred income tax expense described earlier in this MD&A, booked in connection with changes in future Chilean tax rates introduced by the September 2014 Tax Reform.

Changes in Estimates

The Master Agreement with DET is expected to provide substantial economic benefits to the Company as a result of the extension of MVC's rights to process El Teniente tailings from 2021 to 2037 and from processing of the tailings contained in the Cauquenes deposit. These benefits will be recognized as income is earned.

Upon entering into the Master Agreement in the quarter ended June 30, 2014 ("Q2-2014"), the Company reassessed a series of material accounting estimates (refer to **Critical Accounting Estimates and Judgements,** page 22), as summarized in the following table:

Change in Estimate	Effect on Financial Position	Effect on Earnings (Q2-2014)	Tax Effect on Earnings (Q2-2014)
ARO	Unwinding of ARO asset of $2.2 million	-	-
	Unwinding of ARO liability of $7.4 million	-	-
	Unwinding of the two items described above resulted in a $5.2 million credit to PPE which will be unwound through 2037 as depreciation recovery.	-	-
Severance liability	Unwinding of $2.3 million statutory severance liability		-
	Increase of $80,000 in other comprehensive income associated with severance liability	Gain of $2.4 million included in cost of sales	-
	Reduction of $182,000 in contractual severance liability		-
	Reduction of $503,000 in associated deferred income tax asset	-	Expense of $0.5 million
Royalties to related parties	Increased royalty liabilities by $8.1 million	Loss of $8.1million included in other expenses	-
		Loss of $5.7 million	**Tax expense of $0.5 million**
	Total negative impact on earnings	**$6.2 million**	

Other variances in financial performance between the two nine-month periods include a reduction in revenue of $18 million, mitigated by a $14.6 million decrease in cost of sales.

Revenue in YTD-2014 was $88.6 million, 17% lower than YTD-2013 revenue of $106.6 million, due to lower sales volume and lower copper prices.

Cost of sales was $84.9 million, 15% lower than in YTD-2013 ($99.4 million) due to lower production, lower El Teniente royalties, lower depreciation charges and cost reduction measures implemented at MVC. Cash cost and total cost (both non-GAAP measures) in YTD-2014 were $2.22/lb and $3.31/lb respectively, compared to $2.04/lb and $3.18/lb in YTD-2013.

Other expenses increased to $9.6 million from $2.1 million in YTD-2013 and include a loss from Change in Estimates of $8.1 million. Income tax expense increased by $5.2 million, mostly in respect of deferred income tax adjustments due to the Chilean Tax Reform.

COMPARATIVE PERIODS

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

	QE Sept. 30, 2014 $	**QE June 30, 2014 $**	**QE March 31, 2014 $**	**QE Dec. 31, 2013 $**
Total revenue (thousands)	28,881	27,325	32,370	37,035
Net (loss) profit (thousands)	(3,725)	(8,290)	(389)	(2,447)
(Loss) earnings per share	(0.02)	(0.05)	0.00	(0.02)
Diluted (loss) earnings per share	(0.02)	(0.05)	0.00	(0.02)

	QE Sept. 30, 2013 $	**QE June 30, 2013 $**	**QE March 31, 2013 $**	**QE Dec. 31, 2012 $**
Total revenue (thousands)	31,950	31,446	43,161	47,017
Net profit (loss) (thousands)	1,039	(837)	3,238	(5,311)
Earnings (loss) per share	0.01	(0.01)	0.02	(0.03)
Diluted earnings (loss) per share	0.01	(0.01)	0.02	(0.03)

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

	Q3-2014	***Q2-2014***	***Q1-2014***	***Q4-2013***	***Q3-2013***	***Q2-2013***	***Q1-2013***	***Q4-2012***
Copper sales [1]	10.32	9.32	10.18	12.60	10.86	9.44	12.48	13.71
Company's realized copper price [2]	3.06	3.16	3.36	3.16	3.19	3.40	3.52	3.52

[1] Million pounds of copper sold.
[2] Copper recorded price for the period before smelting and refining charges and settlement adjustments to prior quarters' sales.

Copper sales were adversely affected by lower grades in Q1-2013 and by annual maintenance shutdowns in Q2-2013. In Q2-2013 sales volume was negatively impacted by challenging mining conditions, particularly for Colihues. The Company implemented a change in mining plan which improved production and sales in Q3-2013 and Q4-2013. In Q4-2013 sales were also positively impacted by the Maricunga tolling contract which contributed 1.5 million pounds in copper sales. 2014 sales have been negatively impacted by lower production levels.

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

	Q3-2014	**Q2-2014**	**Q1-2014**	**Q4-2013**	**Q3-2013**	**Q2-2013**	**Q1-2013**	**Q4-2012**
Cost of sales [1]	27,027	26,127	31,706	38,114	30,202	31,203	38,037	49,107
Unit cost of sales [2]	2.79	2.93	3.30	3.54	2.74	3.27	2.96	3.62

[1] Thousands of dollars, includes royalties to El Teniente.
[2] Cost of sales over number of pounds of copper produced.

Cost of sales is affected by production levels, input costs (particularly power costs), royalty costs and copper prices. Cost of sales was high in Q4-2012 (due to increased El Teniente royalty costs) and decreased considerably in Q1-2013 as a result of the change in the Company's current power contract. Unit cost of sales increased in Q2-2013 due to lower production levels. In Q3-2013 cost containment initiatives and higher production levels compared to Q2-2013 resulted in decreases to total cost of sales and unit cost of sales. In Q4-2013 total cost of sales was adversely impacted by higher El Teniente royalty costs, tolling costs of $3.4 million and a $980,000 retroactive power charge for the years 2011-2013. In Q1-2014 total cost of sales decreased due to lower royalty costs and lower production. In Q2-2014 a gain from Change in Estimates of $2.4 million was recorded as a component of cost of sales. Depreciation expense decreased as of Q2-2014 due to a change in the estimated useful lives of assets as a result of the contract extension with DET. Further cost reductions associated with Colihues processing introduced in Q3-2014 also contributed to lower cost of sales.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Company generated cash of $5.1 million from operations, compared to $4.2 million in Q3-2013. YTD the Company has generated cash from operations of $5 million (YTD-2013: $7.6 million).

Excluding the effect of changes in working capital accounts the Company generated cash of $3.4 million, compared to $4.9 million in Q3-2013. YTD cash generated from operations before changes in working capital was $9.4 million (YTD-2013: $16.3 million).

Cash Flow from Financing Activities

Cash received from the exercise of share options was $nil in Q3-2014 and Q3-2013. YTD-2014, the Company has received $255,000 from the exercise of share options (YTD-2013: $nil).

Cash Flow from Investing Activities

In Q3-2014, the Company used cash of $2 million for the payment of capital expenditures, compared to $2.5 million in Q3-2013. YTD-2014, the Company used cash of $8.1 million for payment of Capex (YTD-2013: $9.9 million).

In 2014 MVC incurred Capex in connection with expansion of the Colihues extraction capacity, other minor sustaining capital projects and detail engineering for the Cauquenes project.

Liquidity and Financial Position

At September 30, 2014 the Company had $10.2 million in cash and cash equivalents and $5.8 million in working capital, compared to $13.1 million in cash and cash equivalents and $3 million in working capital at December 31, 2013.

At September 30, 2014 the Company had no outstanding bank debt and anticipates incurring long-term bank debt in excess of $130 million for the expansion of its MVC operations. Refer to **Cauquenes Expansion** (page 19).

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. 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 for decades.

The Company's long-term liabilities (severance provisions, long-term portion of royalties due to related parties measured at fair value, ARO, deferred income tax liabilities and other non-current liabilities) at September 30, 2014 were $33.3 million (December 31, 2013: $29.4 million).

Impairment Analysis

As at September 30, 2014, 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): 2014: $3.18; 2015: $3.22; 2016: $3.22: 2017: $3.08; 2018 to 2037: $2.95
- Power costs (excluding benefit from self-generation): From 2014 to 2017 costs are per contractual estimates (2014: $0.1006/kWh, 2015: $0.1148/kWh, 2016: $0.1267/kWh, 2017: $0.1277/kWh). From 2018 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 2014 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 September 30, 2014. Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgments. Sensitivities to changes in estimated metal prices, operating costs, particularly estimated power costs beyond 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 September 30, 2014, Candente Copper Corp. ("Candente Copper"), a company listed on the TSX, had a closing share price of Cdn$0.20 and the fair value of the Company's approximately 4% investment in Candente Copper was $1.1 million. During YTD-2014, the Company recorded other comprehensive loss of $419,000 (YTD- 2013: other comprehensive loss of $755,000) for the changes in fair value of this investment.

At September 30, 2014, Los Andes Copper Ltd. ("Los Andes"), a Company listed on the TSX Venture Exchange, had a closing share price of Cdn$0.20, and the fair value of the Company's approximately 4% investment in Los Andes was $1.4 million. During YTD-2014, the Company recorded other comprehensive loss of $218,000 (YTD-2013: other comprehensive income of $61,000) for the changes in the fair value of this investment.

During the six months ended June 30, 2013, the Group recorded other comprehensive loss of $90,000 for the changes in the fair value of its investment in Candente Gold Corp. and wrote-off this investment on June 30, 2013.

During the six months ended June 30, 2013, the Group recorded other comprehensive loss of $33,000 for the changes in the fair value of its investment in Cobriza Metals Corp. and wrote-off this investment on June 30, 2013.

CAUQUENES EXPANSION

On April 8, 2014 MVC and DET entered into the Master Agreement granting to MVC the rights to process tailings from DET's Cauquenes historical tailings deposit for a term to the earlier of its depletion or 2033, extending MVC's rights to process tailings from 2021 to 2037 and amending each of the Fresh Tailings Contract and the Colihues Contract.

Major terms of the Master Agreement include the following:

- Extension of the Fresh Tailings Contract from 2021 to 2037;
- Extension of the Colihues Contract to the earlier of its depletion or 2037;
- A sliding scale royalty to DET for copper produced from Cauquenes tailings for LME prices ranging from $1.95/lb (16% royalty) to $5.50/lb (39% royalty);
- Changes in the royalty payable to DET for copper produced from fresh tailings, including a change in the royalty calculation to a sliding scale for a range of LME 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 is effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of the Cauquenes deposit;

- A global molybdenum royalty that will also be sliding scale for molybdenum prices between \$7.31/lb (9% royalty) and \$40/lb (19.7% royalty), effective at the earlier of August 1, 2015 or the date of the start of operations for the exploitation of tailings from the Cauquenes deposit. Until then, the Company will continue to pay 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;

- 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 \$1.95/lb for copper or \$7.31/lb for molybdenum, or exceed the upper royalty limits for copper (\$4.80/lb for fresh tailings and \$5.50/lb for Cauquenes tailings) and \$40/lb for molybdenum during 2 consecutive months, and projections indicate the permanence of such prices over time;

- Three early exit options for DET only exercisable in the event of changes unforeseen as of the date of the Master Agreement. The Company has currently judged the probabilities of these early exit options occurring as remote. A summary of the early exit options is provided below.

Exit Option	Notice Date	Termination Date	Terms of Exit	Consideration to MVC
1	Within 2021	1 year from notice date	DET would acquire 100% of MVC's PPE	90% of NPV of future cash flows
2	Within 2024	3 years from notice date	Termination of contractual relationship between DET and MVC	MVC retains ownership of its assets provided they are removed from site within a year of termination.
3	Within 2024 and every 3 years thereafter	1 year from notice date	DET would acquire 100% of MVC's PPE	The lesser of 80% of the NPV of future cash flows and the commercial value

The formula for the computation of royalties payable to DET from copper produced from Colihues tailings remains unchanged under the Master Agreement. MVC is required to pay a sliding scale royalty which is 3% for an LME price below \$0.80/lb and increases to approximately 30% at an LME price of \$4.27/lb. The parties are also required to review and potentially adjust costs and royalty structure for copper production from Colihues tailings where the LME price remains below \$1.95/lb or over \$4.27/lb for three consecutive months.

Cost and royalty adjustments for all copper and molybdenum production where prices are outside of royalty limits are to be made such that the Parties give priority to the viability of the Master Agreement and maintain the equilibrium of the benefits between the Parties.

DET and MVC have agreed to defer up to \$9.1 million in royalty payments to expedite certain works associated with the Cauquenes expansion. Deferred royalty payments are due to DET no later than January 31, 2015 and are subject to a monthly interest rate of 0.6%.

In Q4-2013, MVC executed a project financing mandate agreement (the "Mandate Agreement") with BBVA Chile and BBVA Securities Inc. (collectively "BBVA") for the financing of the Cauquenes Expansion, which sets out an exclusive arrangement with BBVA for a loan facility of approximately \$130 million (the "Loan Facility"). BBVA will act as mandated lead arranger and fronting hedge bank and will participate in the Loan Facility, which is expected to be drawn in US dollars. In addition, BBVA will participate in a Chilean value added tax facility of approximately \$16 million to be drawn in CLP.

The Mandate Agreement contemplated technical, environmental, market, insurance and legal due diligence which was satisfactorily completed, and is subject to customary representations, warranties and conditions precedent. Negotiation of the terms and conditions and requisite documentation for the loan are being finalized and credit approvals from bank syndicate members are currently in process, all of which are expected to be completed during Q4-2014.

Total estimated cost of the Cauquenes Expansion is $140 million excluding escalation, contingencies and finance costs, which is expected to be financed by a combination of funding from the Loan Facility and internal cash flow. As of September 30, 2014 MVC had incurred $9.6 million for Cauquenes Expansion costs.

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Non-controlling interests

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

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

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

The Royalty is calculated as follows:

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

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

The Royalty is a derivative financial instrument. This liability is measured at fair value, with changes in fair value recorded in profit for the period. The fair value of the liability at September 30, 2014 was $11.9 million (December 31, 2013: $4.9 million), with a current portion of $842,000 (December 31, 2013: $655,000) and a long-term portion of $11 million (December 31, 2013: $4.2 million). In Q2-2014 the fair value of the derivative liability increased by $8.1 million as a result of the increase in MVC’s estimated future production from El Teniente tailings, following the signing of the Master Agreement.

The Royalty is paid as a royalty dividend on the Class A shares of Amerigo International. YTD-2014, royalties totaling $452,000 were paid or accrued to the Amerigo International Class A shareholders (YTD-2013: $536,000). At September 30, 2014, $53,000 of this amount remained payable (December 31, 2013: $52,000).

Royalties to related parties include the actual royalty dividends described above and a reduction in fair value of $1.1 million (YTD-2013: reduction in fair value of $767,000), for total royalty recovery of $611,000 (YTD-2013: recovery of $231,000).

b) Directors' fees and remuneration to officers

During YTD-2014, the Company paid or accrued $772,000 in salaries and fees to companies associated with certain directors and officers of Amerigo (YTD-2013: $671,000).

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 period, Amerigo paid or accrued $271,000 in directors' fees to independent directors (YTD-2013: $196,000). In Amerigo's consolidated financial statements, directors' fees and remuneration to officers are categorized as salaries, management and professional fees. At September 30, 2014, an aggregate amount of $92,000 was due to directors and officers for directors' fees and reimbursement of expenses (2013: $131,000). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In YTD-2014, 3,500,000 options were granted to directors and officers of the Company (YTD-2013: nil).

c) As of September 30, 2014 one of Amerigo's officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) As of September 30, 2014 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.

Critical Accounting Estimates and Judgments

Estimates and judgments 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 estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2013, except for estimate revisions arising from a tax reform enacted in Chile in September 2014 (as explained on page 14) and revisions booked during Q2-2014, arising from changes to the Company's contractual relationship with DET as of April 8, 2014.

a) Useful Life of Assets

MVC estimates the economic life of most of its PPE based on their useful life, not to exceed the term of MVC's contractual relationship with DET.

The Company changed its estimate for the termination of MVC's contractual relationship with DET from December 31, 2021 to December 31, 2037. Most of the economic lives of PPE were prospectively extended, resulting in lower depreciation expense.

b) Asset Retirement Obligation

The Company reassessed its ARO obligations under the Master Agreement, which provides that MVC will transfer its PPE to DET on December 31, 2037 at no cost and free and clear of all encumbrances, unless DET decides not to take ownership of the PPE and provides 3-year notice to MVC to this effect. The Master Agreement also contains three early exit options which may only be exercised by DET at specific future dates in the event of changes that were unforeseen at the date of the Master Agreement. If early exit options 1 or 3 were to be exercised, DET would then acquire all of MVC's PPE. In all of these cases, MVC would not have an ARO. MVC would only have an ARO if DET were to decide not to take ownership of PPE in 2037 or exercise early exit option 2, both of which in the Company's view are extremely unlikely to occur. As a result the Company has concluded that the ARO weighted for probability is immaterial. The Company's judgment in relation to DET choosing to exercise an exit option is being reassessed on each reporting date.

The Company has also concluded there are no constructive obligations arising from past events that would trigger the recognition of an ARO under the Master Agreement.

As a result of this reassessment, the Company eliminated its former estimates for an ARO asset ($2.2 million) and an ARO liability ($7.4 million) with a resulting credit of $5.2 million to PPE (the "ARO Credit"), as required under IFRS. The ARO Credit will be extinguished through the term of the Master Agreement as a depreciation recovery, further reducing depreciation expense prospectively from April 2014.

c) Severance Provisions

MVC has a future obligation with some of its managers for severance payments based on their employment contracts, irrespective of whether the employment relationship is terminated by MVC or by the employee. MVC records management severance obligations as liabilities at present value in the Company's consolidated statements of financial position. The value of management severance obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge such obligations. The increase or decrease over time in the present value of the obligations is recorded each period in cost of sales.

MVC also has statutory obligations prescribed by Chilean labour law for severance payments in the event employees are terminated by MVC. Given the former term of its contractual relationship with DET to 2021, MVC had conservatively assessed that it was more probable than not that current employees of MVC would be terminated as of December 31, 2021 as there was no factual evidence suggesting the contract with DET would be extended beyond that date. Accordingly, MVC had previously recorded the statutory severance obligations as a liability at present value in the Company's consolidated statements of financial position. The Company reassessed this position given the extension of the contractual relationship with DET and concluded that it is currently highly unlikely existing workers at MVC will still be employed by MVC in 2037. There is also evidence in place suggesting 2037 is not necessarily a definitive date to provide for severance payments prescribed by law. Based on these facts, the Company believes that the provision for statutory severance to MVC workers is immaterial at this time. The Company is revisiting this estimate on each reporting date.

As a result of this reassessment, the Company reduced its estimates for severance liability by $2.4 million (with a resulting gain from change in estimates of $2.4 million included in cost of sales) and eliminated an associated $503,000 estimate for deferred income tax asset (with a resulting deferred income tax expense of $503,000).

d) Royalties to Related Parties

The Company 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, therefore in April 2014 the Company was required under IFRS to reassess its estimate for royalties to related parties based on the revised production estimates associated with the changes in the contractual relationship with DET. As a result of the increase in MVC's estimated future production from El Teniente tailings, the estimate for royalties due to related parties increased by $8.1 million with a resulting loss on change of estimates of $8.1 million.

e) Exploration and Evaluation Assets ("EEA")

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits are likely to arise as a result of these expenditures. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable processing operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available. EEA are included in the Company's impairment test along with PPE.

EEA were transferred to PPE once the Company obtained the legal right to process the related tailings and an economically viable processing operation was established.

The Company's EEA of $22.6 million related exclusively to the Cauquenes project and were therefore reclassified to PPE in April 2014.

f) 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 the Company's power supply company. The Company relies on the advice of external power consultants to estimate these costs, in particular in the case of newly introduced charges with no 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.

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 $365,000 per month for the period January 1, 2014 to December 31, 2017.

b) The Company has entered into a joint lease agreement together with an unrelated corporation for the lease of office premises in Vancouver. The lease is for a five year term commencing August 1, 2011, and the Company's share of basic rent commitments for the remaining term of the contract is approximately $226,000.

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 in Cauquenes, the Parties will jointly evaluate the form of implementation and financing or compensation of 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.

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 were no material changes in the Company's ICFR during the quarter ended September 30, 2014

Other

As of November 4, 2014, Amerigo has outstanding 173,652,844 common shares and 13,765,000 options (exercisable at prices ranging from Cdn$0.44 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. 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 production with respect to, and the issuance of, the necessary permits and other authorizations required for our expansion projects, including the expansion planned for the Cauquenes tailings deposit;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;

- our planned capital expenditures and estimates of ARO and other costs related to environmental protection;
- 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;
- 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 treatment charges and royalties;
- 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, unanticipated metallurgical difficulties, delays associated with permit applications and 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 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.

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;
- 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 products used in our operations;
- the timing of the receipt of permits and other regulatory and governmental approvals;
- our costs of production 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;
- 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 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; and
- 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. In 2013 production was at the lower end of the Company's published guidance for the year in part due to the adverse effect of a slide and resulting pit wall failure in the Colihues deposit which occurred in April 2013 and adversely affected production for the remainder of the year. The Colihues slide and required change in mine plan is continuing to adversely affect the Company's production in 2014.

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.